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No.30,679

Friday October 28 1988

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### World News Dukakis shows signs of campaign strains

Democratic US presidential candidate Michael Dukakis, struggling to build support during the last few days of the campaign, appeared increasingly dejected as he toured the Midwest in an attempt to dent Republican George Bush's lead in the polls, Page 3

Violence in Gaza

A 16-year-old demonstrator was shot dead in the Israeli-occupled Gaza Surp as Palestinians stepped up protests and Israeli leaders toured the comtry compaigning for next week's general elections. Parties neck-aud-neck, Page 6

Colombian strike

Leftist guerrillas attacked a police station and naval base and blew up power lines, railway tracks and a bridge in support of a general strike called by the three largest labour unions in Colombia. The Government estimated 97 per cent of workers had ignored the strike cell.

Kurds 'renei attack' Kurdish guerrillas said they beat back a helicopter-borne Iraci army attack against their bases near the Turkish border. the biggest clash between the two sides since an Iraqi offensive in July and August.

SA poli verdict

All sides claimed success in Wednesday's racially segregated municipal elections in South Africa, aithough the farright Conservative Party failed to make expected gains. Page 22; analysis, Page 6; editorial comment, Page 20

Waldheim in Syria Austrian President Kurt Waldheim, who has faced ques-

tions over his wartime record. arrived in Syria to a warm welcome as a man of peace. Pakistan amnosty

The Pakistani authorities freed

a retired general jailed for conspiring to overthrow the late President Mohammad Zia-nl-Haq, and a former regional. governor sentenced to 14 years in jail following his return from political exile in 1986.

Czech rebels held

Czech police rounded up at least 12 prominent dissidents as the Communist authorities celebrated the 70th anniversary of Czechoslovakia's birth as an independent state.

Tamil rebels killed Three Tamil guerrillas were killed after a two-hour gun battle with Indian troops in eastern Sti Lanka.

Tokyo share scandal Japanese Finance Minister Klichi Miyazawa, his political future at stake, denied direct involvement in the Recruit Cosmos insider trading scandal. Tax bill intact, Page 4

**Embassy 'bugged'** President Ronald Reagan said the new US Embassy in Moscow must be torn down and rebuilt - at a potential cost of \$300m - because the structure is riddled with Soviet

listening devices. Page 3

AIDS virus spreads Between 5m and 10m people now have the virus that causes AIDS; according to the World Health Organisation. About half of these are expected to develop the disease over the next ten years.

**Business Summary Bond lifts** holding in Lonrho to

20 per cent BOND Corporation, headed by Australian entrepreneur Alan Bond, has become largest shareholder in Lourho, interna-tional trading group, boosting its holding to 20 per cent. Acquisition of further 5 per cent during past four days

trading has strengthened Bond's position for possible takeover bid. Page 23 UK Government bond prices rose by up to a point, after Sep-

Gifts

FT-A All-Stocks index 138 JUL

tember trade figures cheered bond investors, Page 26.

GENERAL Motors, world's largest vehicle maker, reported stronger than expected profits thanks to higher car sales, particularly in Europe, offsetting lower earnings from non-automotive operations. Third quarter net profits hit record \$859.2m. Page 28

BRITAIN'S Takeover Panel executive ruled that Pernod Ricard, French drinks group, breached its code while building part of its majority stake in Irish Distillers, Consequences for Pernod's battle with Grand Metropolitain for Irien Distillers not yet clear. Page 23

NEWMONT Mining, US Milliate of embattled Consolidated Gold Fields group of UK. reported second consecutive quarter of losses, as reorganisation posts and interest payments wiped out earnings from gold and coal Page 24

PHILIPS, Dutch electronics giant, lifted third quarter earnings by 20 per cent to Fl 161m (\$81m) as lower production costs more than offset flat selling prices. Company hopes to slash costs by F1 800m this year through restructuring campaign. Page 23

**KPEDA-Bertrand Faure, diver**sified French car seat company, is considering "Pac-Man" defence - involving counterbid by company under attack against its aggressor - against hostile takeover bin from Valeo, leading French car components group. Page 25

and electronics group, announced 139 per cent increase in interim pre-tax profits to Y59.6bn (\$478.4m), due to strong demand in electronics business. Page 28

£248.6m (\$436m) bid from fellow UK frozen food retailer Iceiand Frozen Foods, Page

LORD Young, UK Secretary of State for Trade and Industry defended consistency of Government policy towards corporate mergers, following criticism of recent decisions

FT-6E 100

# to sell shares in

By Quentin Poel in Moscow

THE SOVIET GOVERNMENT plans to sell shares in its state enterprises, and will eventually have a stock market, Mr Boris Gestev, the Minister of Finance, said yesterday.

The ideological volte-face will mean workers, other enter-

rises and ordinary individu als, will be allowed to buy shares in both industrial and agricultural concerns, apparently without any limit except the paid-up capital of the enter-

"This means we shall have a stock market." Mr Gostev declared.

He was speaking in the Grand Kremlin Palace after presenting his budget to the Sucreme Soviet, the Soviet per-Hamont, for the coming year. In it, he revealed for the first time the extent of the Soviet Government's budget deficit and chronic financial plight caused by years of massive food price subsidies and support for loss-making enter-Drises.

He said that food subsidies would cost Rs88bn (\$143bn) in next year's Rs494bn budget. Overall state subsidies for food and industry will total Rs108ba next year - more than a fifth of the budget.

The deficit would total Rs36bn, or 7.3 per cent of the budget, because total revenues would only reach Rs458bn. The plight of state spending produced a devastating indictment of past Soviet policies from the Finance Minister. "This is not a problem which

has only just emerged," Mr Gostev told the Supreme Soviet. "It is the result of an

industry and farms

Soviet Union plans

East Germany yesterday broke its silence on the visit to Moscow by West German Chancellor Helmut Kohl by hitting out at his remarks about the "perversity" of Germany's division. Rast Germany's criticism was much stronger than that of Mr Mikhall Gorbachev, the Soviet leader, Page 2

Kohl criticised

Pledge on radar

Moscow yesterday said its controversial Krasnoyarsk radar station in Siberia would be turned over the Soviet Academy of Sciences for civilion use. The US claims that the station is being built in violation of the 1972 Anti-Ballistic Missile Treaty. Moscow also said it would destroy two other radar sites. Page 2

unbalanced economy, of excessive subsidies, of huge losses caused by extensive management methods (going for quantity not quality), parasitic attitudes and passive financial policy.

This is what we inherited from the past, on the one hand. and on the other, life does not stand still. We have had to take on some extra spending. which was unavoidable - health care programmes, then education, and the housing programme," he said. "We knew the situation was tense, and still took the decision to foot the hill. The decision to sell shares in

state enterprises and eventu-ally set up a stock market, quite apart from being a renun-ciation of so much Marxist-Le-ninist ideology, is seen as a key way of allowing enter-prises to raise urgently-needed finance outside the state bud-

"There will be two kinds of shares," the Minister said. There will be shares for the personnel, employed by the factory in question, and also [shares] for selling to any buyer. These will be different.

"Of course, the law will regulate the issue – at least to not more than the paid capital. Shares must have some real collateral, and our financial and other bodies will monitor this activity. He insisted that the state

would not directly get any revenue from share sales, which would allow enterprises to be self-financing. Dividends, he believed, would be roughly comparable with savings bank interest rates of 3 or 4 per cent. The search for alternative means of finance includes a drastic overhaul of Soviet taxation, including studies of a range of capitalist systems. Mr Gostev added. He also suggested that local soviets. and Soviet republics, should use more lotteries to balance their books.

He said that tax study teams would soon visit Britain, Italy, France and West Germany. "Right now we are interested in the British experience," he said. "We just want to see how you tackle the problem." Hungary takes capitalist road.

tion and "vague and grandlose

notions to provide some kind

of a Marshall Plan for the

Soviet Union and Eastern

Europe." The original Marshall

Plan was a gift from the US to

strengthen the exhausted

Western European democracies

sionism. There was no case,

today, for gestures of this kind

by Western governments, he

The Soviet Union regarded

resources if it deployed them | II

itself as a developed industrial

power. It had plenty of

Continued on Page 22

# Howe warns against 'charity'

Soviet Union had met the

West's other human rights cri-

The sentiment was later

repeated by Mrs Thatcher, the

The Foreign Secretary said

that while Western countries

should do everything they

could to encourage Mr Mikhail

Gorbachev's reforms, "unre-

quited concessions are not the

to be drawn between mutually

beneficial economic co-opera-

An important distinction had

Prime Minister, in London.

By Robert Mauthner, Diplomatic Correspondent, in London

economic rights conference until the WESTERN assistance to the Seviet Union could not be a substitute for a fundamental reform of the Soviet economy, Sir Geoffrey Howe, Britain's Foreign Secretary, warned vesterday in a speech in which he also emphatically opposed any kind of "Marshall Plan" for the Soviet Union.

In a lecture on East-West relations. Sir Geoffrey welcomed Moscow's reported intention to release all political prisoners, but reiterated Britain's opposition to Moscow as the venue for a human

TOSHIBA, Japanese electrics

CHRYSLER, third largest US car maker, saw third quarter earnings fall sharply to \$112.5m, despite rise in North American car and truck market share. Company blamed cost of continuing sales incentives and heavier mix of fleet sales. Page 24

**RRJAM** immediately rejected 29; Lex, Page 22

on referral to Monopolies and Mergers Commission. Page

Lawson keeps rein on inflation despite better UK trade figures

By Peter Norman and Philip Stephens in London

UNEXPECTEDLY good British trade and current account figures for September yesterday pushed sterling upwards, boosted prices of British government bonds and gave a temporary shot in the arm for equities in London. But Mr Nigel Lawson, the

Chancellor of the Exchequer, made clear in the House of Commons that the government will not relax its anti-inflation policy of high interest rates and a firm pound.

Rejecting calls from the opposition Labour Party for an early cut in interest rates and for a weaker pound, he said: "A firm exchange rate and adequately high interest rates are absolutely essential in keeping on top of inflation". Official figures released yes-

terday showed that Britain's current account balance of payments deficit fell to a provisional seasonally adjusted 2560m (\$974m) last month from £1.3bn in August and July's

record high of £2.15bn. Financial markets which had geared themselves for a September current account deficit of between £1.3bn and £1.5bn and had been troubled immediately before the announcement by rumours that the deficit would be much larger responded enthusiasticity.

The pound immediately gained 2% plennigs against the D-Mark and 2 cents against the dollar, while gilt-edged prices gained around a point and equities reversed early losses. The euphoria waned somewhat later with the Bank of England's trade weighted sterling index closing at 78.3 compered with a middey high of 76.5 and Wednesday's closing level of 76. But sterling still closed 2 pfennigs up against the D-Mark at DM3.1425 and gained just over a cent against the dollar to \$1.771 from 1.76. At the close of business in

London, gilt-edged stocks

showed gains ranging from &

points for short dated stock to point for long dated issues. Shares, however, lost most of their advance in reaction to Wall Street's early fall. The FT-SE 100 Share Index closed just 1.4 points up at 1,852.1 while the FT ordinary closed 0.6 points lower at 1,502.6. The surprisingly low current account deficit reflected a

sharp increase in British exports last month. The Department of Trade and Industry reported that exports rose to an all time high of 27.56bn in September from 26.75bn in August, while imports grew more slowly to 28.62bn from £8,56bn.

Britain's visible trade deficit fell as a result to £1.06bn in September from £1.81bn in August and July's record level of £2.65bn. Britain's surplus from invisible earnings such as banking and insurance was estimated at 2500m in each of the three months. Markets, Section II

CONTENTS

Rocard shows his teeth over New Caledonia referendum



The French Prime Minister is in danger of losing his composure over opposition attempts to undermine the success of the peace plan he hammered out for the troubled French territory. Page 2

World debt: The secretive bankers who put a value on risk. teraeli elections Why Likud cannot afford to lanore the extreme right. South Africa: White electorate turns away from the prospect of conflict ..... Motor industry: the real challenges facing Technology: Taking the lid off scientific initia-

The emironments is Mrs Thatcher playing with green fire? ..... Hungary: Eastern Europe's most ambitious economic reform plant yet ......

Intl. Capital Markets ....

Wall St falls after junk bond issue meets resistance

By James Buchan in New York

WALL STREET stock market prices fell sharply yesterday after three leading investment firms were forced to delay plans to offer \$1.15bn worth of high-yielding junk bonds in the face of fierce resistance to the offer from institutional

buyers.
The three firms, led by First
Boston, planned the bonds sale to provide long-term, fixedrate financing for the \$6.71bn takeover of the Federated Department Stores group earlier this year by Mr Robert Campeau's Canadian real estate group. The proceeds of the issue were designed to buy out the remnant of a \$2.01bm hridging loan to Campean by the three firms.

The retreat by the three. representing the worst setback for the junk bond market since last year's crash, sent a chill of uncertainty through US financial markets. Junk bonds are securities which have above average credit risks. Stock prices tumbled amid fears that cautious debt markets are digging in their heels about financing the current

wave of ambitions takeovers

and leveraged buy-outs

(LBOs). This concern was reinforced by a warning to banks by Mr Alan Greenspan, US Federal Reserve chairman, that they should examine LBO financing in times of recession or high inflation. The Dow Jones Industrial Average stood 28.27 points lower at midsession at 2.136.91.

The decision is painful for First Boston, which structured the deal to buy out its own loans to the Campean Organisation and is charging \$89m in fees to the Canadian real estate group. Failure to sell the bonds quickly could severely hamper Mr Campeau's aggressive expansion into US department store retailing.

Wall Street analysts and bond traders say the market is now so sceptical of Mr Campeau that it could demand yields on the bonds as high as 16 per cent as well as a share conversion element. One leading funk bond analyst said: "There comes a point where against perceived Soviet expan- it's not how much you're going to pay me but am. going to buy at any price." First Boston, which is leading an underwriting group that includes Paine Webber Continued on Page 22 World stock markets, Section

Taiwan's gold imports NT \$1000

Taiwan Trade surplus with US (\$bn)

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# US protests halt Taiwan's gold purchases policy

By Bob King in Taipei

TAIWAN has abandoned its policy of buying gold to diversify its foreign exchange hold-

This follows criticism from the US that the purchases were a means of artificially reducing the trade imbalance between the two countries.

The decision may further depress international gold prices, which in the past year have been bolstered by Taipel's buying spree. Gold has fallen from \$500 a

troy ounce in London at the end of last year to \$407 yester-Mr Fredrick Chien. Taiwan's

ambassador to Washington for almost six years and now head of its Economic Planning and Development Council, said the central bank's gold-buying policy "has effectively stopped." Mr Chien played down the about-face, saying only that the US had been less than happy with the Taiwanese practice, begun about a year ago, of buying gold from USbased gold traders and quietly including these purchases in its US import figures. These purchases, worth

shout \$2.5bn, had allowed Taiwan to claim that it halved its trade surplus with the US during the first eight months of this year, which has caused tension between the two coun-Taiwan's central bank sud-

denly began buying large stocks of gold last year. Purchases totalled 65.3 tons in the fourth quarter of 1987, according to the World Gold Council. Buying reached 165.8 tons in the first five months of this year - bringing the country's total stocks to about 425 tons - and then ceased almost entirely.

The council's figures show no purchases in June and only 0.6 tons in July and August. Although official statistics for Ruling on complaint against Japan

US trade officials will today announce their decision on the first major complaint filed against Japan under 1988 trade legislation. They must rule on whether to accept or reject a petition from US rice producers seeking to overturn Japanese protection against imports. Page 22

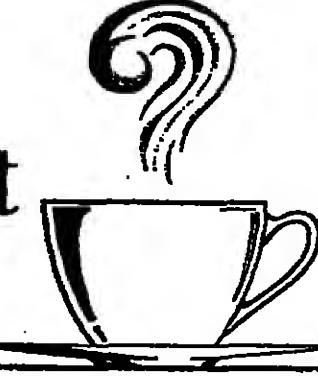
September are not yet available, gold dealers and industry analysts say they have found no signs of any further buying. Before Mr Chien's statements officials in Taipei had claimed that the gold purchases were solely a means of rationalising Taiwan's foreign exchange reserves of more than \$70bn - of which about 90 per cent were previously held in US dollars. But it now seems clear that

Talwan was trying, through its gold purchases from US dealers, to defuse protectionist sentiment in Washington by means of the gold purchases which registered on paper as US exports to Taiwan. The central bank's decision to stop buying gold when the US objected to such tactics tends to support this argument The US argued that gold pur-

chases made through dealers there should not be considered as "true" exports and that gold buying was a simple swap of one form of money for another. "The only thing the US got out of those gold purchases may have been a few service charges," an economist in Taiwan said. "The emotional exchange that followed obscured the fact that there had been a real improvement in the surplus, even without Continued on Page 22

Gold. Page 46

Where should you go after Breakfast



The DTI Breakfasts are giving British business a lot of good information to digest and are helping to create a hunger for the opportunities offered by a single market Europe.

After the breakfast, you should come and talk to Arthur Young. For us, the single market has been working for nearly a decade. So our European network is already in place to give you help and advice in exploring markets and setting up businesses in the new Europe, Our local knowledge of business practices, protocols and problems, in all our new markets, can save you time and minimise your risks.

Contact James Morgan at Arthur Young, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH. Tel: 01-831 7130. He'll be happy to discuss the opportunities open to you in Europe, and how Arthur Young can help. And who knows, he may even buy you kinch.

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ACCOUNTANTS AUDITORS TAXADVISERS MANAGEMENT CONSULTANTS

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W. Cormany الما المالية FAZ Aktion Index Oct 1988 INTEREST BATES ः अयागार्था प्राप्त

Federal Funds :8 4 % Y125.05 (125.675) 3-mth Treasury Bills: Long Bond: 10233 SFr1.4935 (1.504) yield: 8.85% (8.91). 3-month interbanks. close 12% (121g)

MARKETS STERLING New York close \$1.7875 (1.761) \$1.7710 (1.76) DM3.1425 (3.1225) DOLLAR New York class **FF(6.09 (6.0635)** 

FFr10.715 (10.8850) SF(2.845 (2.8475) Y222.75 (221.25) DM1.778 (1.77475) SFr1.4985 (1.50475) DM1.7740 (same) FFr6.05 (6.06) Y125.75 (125.7) COLD

World: 133.24 (Wed) Tokyo Nikkal Aya 27,722.82 (+102.32) Prenident Commerzbank 1,541.6 (+ 14.1) New York latest West Tex Crude Comex Dec \$410.1 (411.1)

STOCK MDICES New York cises Dow Jones Ind. Av. 2,140.83 (-24.35) S&P Comp 277.28 (-4.1) 1,852.1 (+1.4)

Brent 15-day (Argus) \$12.30 (+1612cts) \$13,495 (+ 19cts) (Dec)

Agriculture ...

Technology ....

### Showpiece car plant falls victim to glasnost

By John Lloyd in Moscow

SOVIET self-criticism has reached the showpieces of the economy, and to the very moral foundations of the sys-tem. Latest victim of glasnost: the vast Vaz car plant at Togliatti, on the Volga, praised two years ago by Mr Mikhail Gorbachev as a model of future development, fruit of a joint venture between the Soviet Automobile Ministry and Fiat of Italy, and now described by the prestigious Literary Gazette in its latest issue as in a "pre-crisis situation".

Worse, it has produced huge "alienation" in its workforce: precisely the effect which was seen, by marxists, as uniquely the effect of capitalism. Indeed, the only question which remains from the gazette's description is why the crisis should be "pre".

The Vaz plant produces 600,000 cars a year, half the Soviet output, employing 110,000 workers. Most of the output is still based on the 1960s Fiat 124 - marketed in the Soviet Union as the Zhiguli - the Lada overseas - already five years out of date when the plant began production in 1970.

New hatchback models, also based on Italian designs, are now under production. All are poor in quality. On any given day, more than 5,000 cars lie in the factory, unfinished for lack of parts; workers routinely cannibalise finished cars for components in order to keep the lines moving. Some 150 parts are made from sub-standard materials, and though the suppliers have recently been subsected to the new State Control Commission, workers at the plant say they are as bad as

The plant reached its lowest point in 1983 - the result of the "years of stagnation" of the Brezhnev era, in that year, 12m roubles were spent by the plant on patching up the finished models alone.

Now, says the gazette, metters have hardly improved: the attitude of workers and managers is dominated by "anxiety" (over the future) and "resentment". which extends to importunate customers as much as to suppliers and the overseeing ministry. Yet, bad as its products are, the Vaz plant still produces better cars than the Moskvitches or the Zaphorets - the two other mass-produced cars available to Soviet private customers - because they were originally based on Italian designs.

### **Embezziement**

The rot set in when the Italian management of the early 70s gave way to Soviet management, and when the first talented and energetic Soviet general manager, Viktor Polyakov, left.

He fell victim to promotion (to Minister of Automobile Production) in 1976. At the same time, a new model, the Niva, was put into production, impossibly overloading the plant's systems.

The factory's problems are compounded by low living standards in the surrounding town of Togliatti, a growing city of 700,000. Food is so scarce it is rationed. Workers no longer regard the town as a prestigious place to work. Many of the jobs are part time and poorly paid. Alienation is rife: embezzlement, drunkenness and absenteeism are growing. "Who can speak of better quality in these condi-tions?" asks the gazette.

The overall problem, it says, is that the Soviet leadership originally saw the plant as essentially an earner of foreign currency. Attitudes towards personal ownership of cars are still deeply ambiguous. In part it is seen as prestigious, and huge numbers of citizens are queueing, often for ten years,

for a model. On the other hand there remains in both official and more widely in unofficial attitudes a transport asceticism which sees the possession of a car as inegalitarian and conspicuously consumptive.

The answer proposed is to have done with all that; to put the ownership of a car at the centre of the perestroika project. Not just to satisfy consumer wants - but to use the of the car industry as a dynamo for the rest of the economy. Joint ventures in the car industry should be encouraged. Above all, there should be a number of strong and competing enterprises stimulating each other to higher output and better quality.

Workers at the plant itself should be enabled to buy their own product much more easily, At a price of 9,000 roubles, it would take an assembly line worker on 200 roubles a month nearly four years to get a car if he did not eat or drink.

Last week, Mr Gianni Agnelli, the Fiat chairman. said on a visit to Moscow that he would be prepared to finance another monster plant on the Volga, with an investment of 3bn roubles. However, no firm agreement has yet been signed.

# Moscow acts to ease US fears on radar station

By Quentin Peel in Moscow

THE Soviet Union announced yesterday it had decided to turn over its controversial Krasnoyarsk radar station in Siberia to the Soviet Academy of Sciences for civilian use.

The radar, which the US claims is being built in violation of the 1972 Anti-Ballistic Missile Treaty, could eventually become an international space research centre, as proposed by Mr Mikhail Gorbachev, the Soviet leader, last

At the same time, the Soviet Government has said it will destroy two other radar installations which have been questioned by Washington as in possible violation of the ABM

The move by the Soviet Government is a clear attempt to bring pressure to bear on the US itself to observe the strict interpretation of the ABM treaty, which would effectively rule out the testing of any space-based nuclear defence system such as the Star Wars

However the US Government has hitherto been adamant that Krasnoyarsk must be completely dismantled, and dismissed Mr Gorbachev's prolast month as inadequate.

The Soviet Union says that the US is itself violating the strict provisions of the ABM treaty with modernised radar installations at Fylingdales, in Yorkshire, England, and at Thule in Greenland. Moscow yesterday called for

the US to "take steps to remove the USSR's concern" over those facilities. The treaty bans any new facilities which could provide a

territorial defence system.

By Peter Bruce in Madrid

JOSE MARIA Ruiz Mateos, the

colourful former head of the

Rumasa banking, property and

trading empire expropriated by

the Spanish Government when

it was on the brink of bank-

ruptcy in 1983, has escaped

from custody where he is

awaiting trial on a number of

at midday yesterday after mak-

ing a brief appearance in Mad-

Mr Mateos left the court-

room to wait for police to

return him to his cell but had

vanished by the time they

By Leslie Colitt in Berlin

MR IMRE NAGY, the Prime

Minister of Hungary during the

1956 uprising who was exe-

cuted by the Soviet Union, is

apparently to be permitted a

Mr Nagy's soviet-backed suc-

cessor, Mr Janos Kadar,

refused to allow the site of Mr

Nagy's final resting place to be

revealed. But since Mr Kadar's

removal last May as head of

the party, the new party leader

Mr Karoly Grosz has displayed

less rigidity while refusing to

Mr Ruiz Mateos disappeared

fraud charges.

rid's Supreme Court.

reached the room.

marked grave.

which would have been the case with Krasnoyarsk, and could also be true of the Thule and Fylingdales phased-array radars. The US installations also appear to conflict with the provision that such systems should be along the periphery of US national territory.

Mr Gennady Gerasimov, the Soviet Foreign Ministry spokesman, said the Soviet Union would continue insisting on strict observance of all the provisions of the ABM treaty. It was ready to discuss at expert level with the US and other nations specific measures to turn the radar into a centre of international co-operation in the use of outer space for peaceful purposes, which could be included in a world

Those talks could also lead to dismantling and remodelling some of the equipment and structures at the plant, he said, tacitly confirming that perhaps its original purpose was not entirely for tracking satellites and other objects in space. The two other facilities

space organisation.

which Moscow says it is prepared to destroy are wagons that formed part of a mobile radar station at the Sary-Shagan missile test range, Mr Gerasimov said. They had been resited outside Moscow and Gomel. Although Moscow insisted that both had been intended entirely for civilian purposes, "since our assurances that they would only be used in the national economy have not removed US concerns and suspicions, they will be

destroyed". Implementation of the plan could be discussed in Geneva at the regular ABM treaty monitoring meetings.

Police later found a bag.

three false moustaches, some

taps and an old newspaper

near the window of a toilet

attached to the room he was

waiting in. The head of secu-

rity at the courts has been dis-

missed and the authorities

have opened an investigation.

Mr Ruiz Mateos has been in

and out of jail a number of

times since being extradited

from West Germany in late

State prosecutors said two

weeks ago they would seek a

12 year jail sentence for Mr

Mateos and wanted the six

executives to repay some Pta

rehabilitate Mr Nagy. Several

hundred members of the oppo-

sition were allowed to gather

last June on the 30th anniver-

sary of the execution at plot

No 301 of the Rakoskeresztur

cemetery in Budapest where

Mr Nagy's remains are

of the ruling Politburo and

Central Committee secretary

for ideology, noted in reply to a

viewer's question on Hungar-

ian recently that the Govern-

Mr Janos Berecz, a member

believed to be buried.

1988 to face fraud charges.

Hungary may mark grave for Nagy

Banking magnate flees court

### Solidarity leader sees little hope of talks

By Christopher Bobinski in Warsaw

LECH WALESA, the Solidarity leader, has said the Polish authorities lack the will to resolve the country's basic political problems, thus dashing what little hope remained that round table talks would start today.

The talks, which were first proposed by the Government at the end of August amid strikes in the country's perts and coal mines, were to have focused on a possible role for the opposition in alleviating Poland's economic and political plight.

Solidarity has insisted throughout that the authorities must first recognise the trade union before it will consider entering official institutions like parliament, and taking some responsibility for unpopular economic policies. Yesterday Mr Walesa confirmed that the authorities were still resisting the

demands for legalisation. They still choke on the word Solidarity," he said in Gdansk.Mr Waiesa denied that his statements meant that the round table process had collapsed completely, but some time will have to elapse before the initiative can be taken up

On Tuesday, the authorities, who have been insisting that Mr Walesa drops two veteran advisers from his negotiating team, suggested further preparatory talks between the two sides before the "round table" met today.

Yesterday Mr Walesa said: "It is only worth talking when there is a will to resolve problems," implying that there was no point in even contemplating concessions as long as his basic demand is not met.

652bn that it had cost the state

to nationalise, "sanitise" and

reprivatise Mr Mateos's

Mr Ruiz Mateos, meanwhile,

has been conducting an unsuc-

cessful effort to win back his

old empire which has since

been sold off to a variety of

banking and property inter-

ests. He is also trying to take

his case to the Court of Human

Rights in The Hague, charging

that the expropriation was

He was re-arrested and jailed

on September 15 after being

spotted at a service station

ment was dealing with the

question of giving Imre Nagy a

He said it was a "painful pro-

cess" which required a little

time. An exhumation was

needed and agreement with the

family had to be reached on

when the remains could be

handed over, where the grave

site was to be and the "method

of burial." Mr Berecz reiterated

that this was not a rehabilita-

tion of Imre Nagy but simply

paying the last funeral rites.

marked resting-place.

Rumasa group.

near Barcelona.

# Rocard loses his cool at RPR referendum tactics

Paul Betts reports on the political machinations over France's vote on New Caledonia's future

HE referendum next month on the future of New Caledonia is provoking a bitter political showdown between the Socialist Government of Mr Michel Rocard and the neo-Gaullist RPR opposition party, and threatens to undermine Mr Rocard's moderate image and his efforts to enlarge his political base towards the centre.

Mr Rocard caused an uncharacteristic uproar in the National Assembly on Wednesday when he accused the Gaullists of cowardice after the RPR told its supporters to abstain in the New Caledonian referendum on November 6. All the parliamentary representatives of the Gaullist party stormed out of the National Assembly in outrage at the

Prime Minister's remarks. The unexpectedly aggressive attack against the Gaullists by Mr Rocard reflects his growing anxiety over the lack of entiresiasm and interest in France for the forthcoming referendum. Recent public opinion polls are forecasting an unpracedented abstantion rate for the referendum of as much as 63

DET CERT Only last mouth the turnout in the French local cantonal elections was very low. Suggesting that the French have become increasingly weary of the succession of elections this year in France.

Mr Rocard, who has invested considerable time and effort to resolve the crisis in the French Pacific territory, has been vigcrously campaigning to try to avoid a disastrously low turnout in the referendum which would undermine the Govern-

By John Wyles in Rome

NINE people may be

prosecuted for culpable boni-

cide over the disaster a year

ago in which 37 people lost

their lives abourd a Franco-

However, the state protecti-

tor at Como in Northern Italy.

Mr Mario Del Franco, has

dropped similar charges

against a further 15 people who

received judicial warnings lest

Those likely to be brought to

trial include an employee of

France's Aérospatiale, three

technicians at Italy's Director-

ate of Civil Aviation, an official

of the Italian aircraft certifica-

Italian ATR-62 sircraft.

Caledonia. The resolution of the New Caledonian crisis, which risked plunging the territory into civil war, constituted the first major act of the Rocard Administration. Mr Rocard scored an important personal victory by bringing together the rival pro-French and separatist camps in New Caledonia to

ment's peace plans for New

agree on a 10-year plan to define the future of the French

unexpectedly aggressive attack against the Gaullists by Mr Rocard reflects his growing anxiety over the lack of enthusiasm and interest in France for the forthcoming referendum, with opinion polls forecasting an unprecedented abstention

The referencions next recoth is designed to endorse these so-called Matignon agreements. These foresee a year of direct rule from Parks followed by the division of the territory into three autonomous regions. The right-wing opposition

parties have been politically embarrassed by the success of Mr Rocard in sattling the New Caledonian crisis. While the centrist UDF coalition has relactantly urged its electors to vote in favour of the Matig-

Prosecutions may follow Como crash

tion and registration agency,

Rai, and four employees at Atl.

the Alitalia subsidiary which

was operating the crashed air-

families of the two sircrew

piloting the sircraft when it

came down in darkness in the

Raisen Ains claimed yesterday

that the possible prosecutions

vindicated their views of what

vinced that the disaster was

due to a number of causes, in

particular to the ATR-42's sen-

sitivity to king and its strong

tendency to stall in such condi-

tions and to the lack of infor-

"We have always been con-

caused the crash.

The lawyer representing the

दार्खी.

non agreements in the referendum, the Gaulist RPR party has sought to undermine the Socialist Government by urging its voters to abstain: Although many RPR members have expressed support for the New Caledonian peace plan, the RPR has clearly been reluctant to back openly the plan by voting "yes" in the referendam. because they claim this could he countraed as a Gaullist vote of confidence in the Socialist

administration. Mr Rocard, whose Govern-ment has launched a television campaign to try to mobilise French voters, has now attempted to white up interest in the referencial by provoking a political clash with the RPR in so doing, however, he appears to be taking a political risk of undermining his own image of political tolerance. Indeed, Mr Rocard has long sought to de-dramatise political life in France and has repeatedly criticised "show business politics".

At the same time. Mr Rocard's outburst against the RPR also risks making if harder for the Socialist minority Government to broaden its political base by attracting more centrist voters. But Mr Rocard yesterday appeared to have no regrets over his controversial remarks in the National Assembly. He said yesterday that the RPR's attitude towards the referendum justified his indignation and defended his peace plan by asserting that for the first time in its history. France was launching a decolonisation process without change of sorereigniy.

mation given to those who had

to fly it," said Mr Felice Barda.

of the crash, the magnifectur-ers, Aérospatiale and Aeritalia,

were quick to blame pilot

tee of inquiry bismed a combi-

nation of extreme weather con-

In particular, it found that

Atl ullets had not been prop-

erly trained to fly the stream

in very icy conditions and that

the flight operating manual did.

not contain the manufacturers'

recommendations on minimum

speed and altitude limits in

such conditions.

ditions and human error.

However, a special commit-

in the immediate alternata

### recording a downward blip hast secutive according to the labest Contradados estimates. writes William Dawkins in Brussels: Present thanks suggest RC

for 1388, up from 2.6 per cent last year. The monthly rate disped from 8.5 per cent in Amount to 6.4 per cent in Septender. But there are ble difforences, with low infinition in the Matherlands and the bishest seice introspes in Portugui.

France's visible trade balance was back in surplus last month after an anexpectedly large deficit of FFr 9bu in Appear which had theless the French artisection. The automorphist yester-

French trade surplus

adjusted trade surplus in September helped map up the French CHITCHES.

The localer of Periment's main sin-left Socialists, resigned profesion, citing between hickexists and lack of support for

his policies, Reuter reports from Lisbon. Mr Viter Comptencio tem 2 ment configurate alt in sightslous to have party congresses (and then) to then pround and cast doubt on elected bedons. prefer to loave now that he a transitional legier." He added he would preside over an

### Alarm over purchase of Italian banks

By Alan Friedman in Milan

THE CAMPAIGN by big Italian industrialists to buy control of banks was causing growing alarm yesterday at the Bank of

Italy. The concern, in the wake of criticisms of its policy, including that of Mr Guido Carli, a former central bank governor, was prompted yesterday by a sharp attack from Mr Mario Monti, a prominent economist and a recently appointed main board member of Fiat.

Mr Monti, who besides his Flat post is also deputy chairman of Banca Commerciale Italiana, Italy's second biggest state bank, described the Bank of Italy's feers as "mistaken" and criticised the central bank's "monopoly" position as supreme regulator of all aspects of the banking system. Mr Monti emphasised yesterday that his position on the controversial issue of industry and banks "is one I have already stated in the past and has nothing at all to do with the fact that I have recently

joined the Fist group".

Fist, which indirectly holds
a minority stake in Nuovo Ranco Ambroslano, has been at the forefront of a campaign

of Governor Carlo Azeglio Ciampi that conflicts of interest could arise if industrial companies own banks. Mr Carlo De Benedetti last Spring acquired effective control of Credito Romagnolo, a wealthy Bologna-based bank. Benedetti groups are juridically only minority sharehold

against the central bank's pol-

icy. This is is based on the fear

Both the Agnelli and De ers of their respective banks. Last night Mr Clampi said: "Our position remains that the control of banks by industrial companies is dangerous."

# Asylum-seekers start to stretch the Swedish system

Sara Webb in Stockholm looks at the winds of change in a place of refuge

R X came to Sweden two years ago as a political refu-gee from South America. He had spent nine years in prison including four years in solitary confinement. He was tortured and treated so badly that he has found it difficult to adjust to a normal life in Sweden. Even though he is entitled to generous benefits in Sweden, he insists on

living in an unfurnished room and sleeping on the floor because he was so accustomed to living in a bare cell. He will probably never be able to work again and depends entirely on the welfare state. He is just one example of the many

thousands of refugees who receive a generous welcome in Sweden each year. They are entitled to job training, free housing, until they can find work and support themselves, and in some cases, free legal assistance. Like all immigrants, they may

receive financial incentives to attend up to 700 hours of Swedish language lessons to help them settle into Swedish society and secure a job. Child care services and schooling

are also free, and children are encouraged to learn Swedish while maintaining their native language at special classes in schools and child care cen-

Five years ago only 3,000 refugees were given asylum in Sweden, compared with 18,000 in 1987. The surge in numbers has placed an enormous strain on the system - especially in dealing with resident and work permits, and housing in an atmosphere of acute shortage nationally - and the traditional Swedish welcome is

also showing signs of strain. Among other things, social workers complain that the increase has exposed a chronic shortage of doctors qualified to deal with torture victims. Many of the refugees who fled from countries such as Zaire, Uganda, Argentina, Chile, Uruguay, Turkey and Iran, need medical and psychiatric attention. At the Red Cross hospital in Stockholm - the main centre for dealing with torture cases and where doctors document these by country of origin to provide a reference guide to methods used by particular regimes - some cases have to wait up to nine months for treatment. Meanwhile, the immigration authorities face a deluge of applications for asylum: on average, refugees wait nine months for permission to stay, and in some cases as long as two years, where social workers complain they are in danger of becoming institutionalised.

The authorities say about 20 per cent of applications to stay in Sweden are rejected, in most cases because it is felt that the applicants are only looking for a more comfortable lifestyle and are not true political refugees. However, social workers claim there have been cases of rejected refugees returning home to countries such as Turkey and Lehanon being immediately imprisoned.

Recent reports in the Swedish press have suggested that many of the applicants from Chile these days are not true political refugees, but want to come to Sweden for its higher standard of living. In fact, some of the original political refugees from Chile are already starting to return home. Much of Swedish industry suffers from an acute shortage of labour; many employers would like to recruit directly from the placement centres where refugees stay while waiting for permits to wind their way through the bureaucracy.



A welcoming vista; many of Sweden's refugees settle in major cities including Gothenburg (above), but the authorities are trying to disperse immigrants across the country

The shortage of labour is considered so bad that some industrialists have warned they may have to shop abroad for skilled workers.

"It would be a big mistake to import labour when we have refugees who can only get jobs in cleaning and washing up," says Ms Lisbeth Oulis who works at a refugee reception centre in Stockholm. She believes more flexibility is required in evaluating foreign credentials. And she says too little effort is made to find skilled refugees at the placement centres and to give them intensive Swedish lessons so that they can put their skills

to use. Scouring a placement centre recently, the authorities found 12 doctors and nurses who had been looking for suitable work for months. They were given intensive courses in Swedish and quickly found jobs.

The Government is conscious of the problem. This week, the finance ministry, in announcing a wide-ranging prices and incomes package, proposed investing an additional SKr200m (\$32.8m) on labour market measures, of which SKr33m has been earmarked for schemes aimed at refugees and immigrants seeking jobs. The Government's total 1988-89 budget for all labour market schemes is SKr26pn. However, more worrying than labour market problems has been a noticeable change in attitude towards

accepting refugees. In the early 1980s, immigrants flocked to the big cities and nearly 60 per cent found their way to the greater Stockholm area. In a suburb like Rinkeby, a foreigner can walk around and seldom catch a glimpse of indigenous Swedes.

Immigrant children quickly picked

up what the newspapers described as a "Rinkeby dialect." and schools in immigrant areas started to complain that it was becoming more difficult to teach a high standard of the Swedish language.

Since then, the authorities have tried to disperse refugees and other immigrants more evenly across the country in the hope they would receive a better service and integrate more rapidly. But not all areas of Sweden are so keen on the idea. The southern Swedish town of Sjöbo held a referendum last month to decide whether they should take on refugees. The inhabitants voted overwhelmingly against - despite a

nationwide campaign to shame them into acceptance - and sparked off fears at the immigration board that other municipalities could follow suit. Sweden's high standard of living and the absence of an underclass help. to guard against racial conflict. While acknowledging the considerable financial assistance, many refugees and other immigrants find Swedish soci-

ety difficult to penetrate. The Sjobo community has now sent out letters to other municipalities recommending that they also hold referendings on whether to take refugees. And while the immigration board has signed deals with the vast majority of the municipalities by which they agree to accept refugees, it admits that a handful are hesitating on the grounds that they lack ade-

quate housing, child care facilities or

interpreters. With Sweden's reputation as a generous provider for refugees, it seems unlikely that the stream of asylum seekers will abate; but it is increasof seekers will abate; but it is increasingly apparent that the benefits are no longer one way.

Financial Times (Scandinavia) Ltd., Ostergade 44, Copenhagen, DENMARK

### many's only commentary so far on the West German leader's visit. The main Communist party newspaper News Destaching blazzed Kontad Adenaster, the first West German charceller, for "dividing" Germany by introducing currency reform eral Republic in 1949 and The Last German anthorities this month banned the Soviet magazine Sputnik over

E Germany

Berlin

remarks

hits at Kohl

EAST GERMANT broke for

silence on Chancellor Reluced

by sharply criticising his remarks about the perver-

sity" of Germany's division, writes Leslie Coliti in Berlin.

The strack went well beyond the criticism expressed by Mr. Mikhail Gorbachev, the Soviet

leader, and was East Ger-

Kohi'a Moscow visit yesterday

an article on Stalin which criticised the Soviet-Real friendship treaty in 1969. EC inflation rising THE Enropeer Community's inflation rate is not to increase elightly this year, despite

inflation should be 3.8 per cent

day of a Ffr 400m seasonally

Portnenese move opposition party, the model-

extrapolitate party congress in about a month to elect a SUCCESSOE.

### Nato review of nuclear policies

NATO defence ministers, beginning two days of talks on nuclear planning, sought yes terday to head off a threatened crisis over Belgium's policy on short-range nuclear weapons, Renter reports from Scheveringen in the Netherlands...

The 14 ministers from Nato's 16 countries were reviewing the state of Western nuclear. defences following the US-Soviet treaty scrapping mediusrange missiles. The meeting, a regular autumn session of the Nuclear

Planning Group, was scheit uled to debate ways of reshulffing remaining nuclear arms in Western Europe and launch step-by-step programme to modernise short-range nuclear weapons. But unity came under threat from Belgium whose six-

month-old centre-left government has said any moves towards, modernisation of -i. short-range or tactical nuclearweapons in the present East-West climate would be prema-The Belgian Defence Minis

ter, Mr Guy Coeme, guguested he would not endorse a Nate report to the meeting which sets out a role for short-range nuclear weapons in alliance

FINANCIAL TIMES

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### US capital gains tax cut studied

By Nancy Dunne in Washington

MR Nicholas Brady, the US Treasury Secretary, is reportedly favouring a proposal to promote long-term US investment by instituting a sildingscale capital gains tax cut. The secretary, who is widely

expected to stay in his post in a Bush administration, is considering a system under which the tax rate on a capital gain would decline the longer an investment is held, according to the Washington Post. The capital gains tax has

become controversial in the election campaign. Vice-President George Bush has proposed cutting it from 28 to 15 ner cent, while his rival, Governor Michael Dukakis, in search of middle-class votes, has complained that the reduction would mostly benefit people earning more than

The tax was in effect raised in legislation in 1986, which made all gains from stocks, real estate and other investment subject to taxes at a rate of 28 per cent. Previously, only 40 per cent of capital gains was subject to tax, at a top rate of 50 per cent.

A Congressional Budget Office study concluded that the change in the 1986 law raised \$2.5bn-\$5.8bn a year. It projected losses of tax revenue of \$3.9bn-\$7.8bn if the capital gains tax were slashed to 15

### Opting-out threat to thrifts fund

By Roderick Oram in New York

THE troubled US government insurance fund that is virtually the sole source of money for bailing out insolvent savings and loan associations has come under further strain with the announcement that one of the largest healthy thrifts in the country wants to

Great Western Financial said it wanted to switch to the commercial banks' insurance fund. which is financially stronger and charges far lower premiums. The California company's Great Western Bank thrift operation is the second largest healthy institution in the industry. A wholesale migration of

some 1,200 solvent institutions would hasten the end of regu-Most observers already believe such help is inevitable. Healthy thrifts complain bit-

terly that the FSLIC's high premiums, levied to help bail out the 500 insolvent thrifts. make them less competitive against institutions in other consumer saving and finance

of Japan.

# Hopes fade for dejected Dukakis

By Lionei Barber in Pueblo, Colorado:

THERE is a sombre sir about the final days of Governor Michael Dukakis's presi-

dential campaign. Sam Donaldson of ABC News calls it the Bataan death march, a reference to the humiliating American retreat before Japanese forces in the Philippines in World War Two, here in this little steel town on Colorado's Western Slope, the local US Senator Tim Wirth is equally expressive: "We are getting the shit kicked out of us." - The Duke himself appears dejected by the negative tone of the campaign, and his failure to dent Vice-President George Bush's lead in the polis. The Democratic

nominee is also growing weary, the victim of a travel schedule which grows more brutal as his staff battles the perception in the US press and television that his is a ost cause.

The reporters on board "Sky-Pig" - the wide-bodied campaign jet - would like nothing better than to write the story of a Dukakis comeback. Yet a comeback story requires a comeback candidate, and Mr Dukakis has so far refused to do or say anything dramatically different to persuade reporters to change their glum tune. By the time he made his way from California to Colorado and Illinois this week, Mr Dukakis had reduced what promised to

action to four words: "I'm on your side." This is the distilled economic populism - with its attacks on Wall Street, foreign investment and foreign competition -

be an campaign of new ideas and bold

the Massachusetts governor. attacked Congressman Richard Gephardt of Missouri for promoting in the primaries last spring. Now he hopes it will catch the evening news shows and the attention of voters in the industrial Midwest, the region which offers his last chance of pulling off an uppet win on November 8.

Yesterday in Chicago, his message was received well. An enthusiastic crowd roszed with approval when Mr Dukakis attacked a Bush proposal to cut capital gains taxes for the wealthy. He mocked the idea that this would help create jobs: "Maybe it would be a job for a second butler or a new lifeguard at the pool."

Mr Dukakis appeared much more confident. But it is not exactly clear what he stands for any more. In Denver, late on Tuesday night, during a 90-minute live interview, he was asked by ABC's Ted Koppel to define the word liberal, the term Mr Bush has used time and again to cast Mr Dukakis as soft on crime and soft on

Here was the Democratic nominee's chance to articulate a political creed and to make an impassioned appeal to voters. Instead, he hedged by saying the question described himself as a liberal with conservative policies: then he mentioned Franklin Roosevelt, and finally he talked about how he had cut taxes and signed one of the toughest child pornography bills in the

Just what is the governor straid off His sides demur, but some of his supporters are clearly frustrated. More than 45 prominent Americans all signed a full page advertisement in the New York Times on Wednesday slamming Mr Bush for using "liberalism and liberal" as terms of opprobring and defending the liberal tradition.

The failure to define - and defend liberalism is as much a failure of the Democratic Party as of the candidate himself as it searches for a plurality in the electorate. Mr Dukakis simply may not be a big enough politician to do this,

But, as he showed during a town meeting in Naperville, just outside Chicago, on Wednesday night, he recognises the problems facing contemporary America which defy the completent rhetoric of Mr Bush.

Mr Dukakis spoke about how one child in four drops out of high school; how rising land prices are putting housing out of reach of middle-income families; how one in three of the 3m homeless are war veterans, many of Vietnam; and how the US, with 5 per cent of the world's population. is consuming 50 per cent of the world's

What a pity that Governor Mario Cuomo had just been in Chicago making the very same points and causing local Democrat officials to swoon, Mr Dukakis is no Cuomo, even when he speaks Spanish. And so, with 11 days to go to polling day, he remains a candidate in search of an ace

with food, at 36.9 per cent,

crude materials (18.5 per cent)

and chemicals (16 per cent)

recent sluggish growth of US

exports is due more to capacity

limitations in the most suc-

cessful industries than to the

Commerce Department fig-

ures for personal income and

outlays in September show

that real incomes were

unchanged, and real expendi-

tures fell by 0.5 per cent.

impact of the dollar recovery.

These figures suggest the

mainly responsible.

# Shy watchdog ponders the world's bad debtors

Stephen Fidler looks at the work of ICERC

IN Washington this week, nine bank regulators with power to force banks to write off bad debts have been discussing how US banks should be evalnating their loans to developing countries. In about four weeks, the results of the deliberations will be sent out to banks across the US. Bankers will be told not to disciose the

decisions. This body - the Intersgency Country Exposure Review Committee - is little understood even inside the US. This is partly a consequence of the committee's own desire for secrecy, fostered by the realisation that its decisions can have political consequences far beyond their direct implication

For example, at this week's meeting ICERC is scheduled to discuss Argentina, in arrears of more than \$1bn (£570m) to commercial banks dating back to April, which is trying to put together a package of new fin-

ancing from creditors, if ICERC were to force banks to write off a portion of their Argentine exposure, the likelihood of bank participation in the financing - difficult enough to put together anyway - would be much reduced.

If the Argentine Government failed to extract finance from foreign creditors, some in Washington argue that this could bury the ruling Radical Party at the Argentine presidential elections, to be held

next May. Most bet that, partly for this reason. Argentina will be downgraded by ICERC to "sub-standard", a classification that will not necessitate compulsory write-downs. The regulators agree that the

boundaries between the various categories are fuzzy, but

argue that they should be. "We're dealing with real-life situations here, not some kind of academic exercise," said one

of them. ICERC was established in February 1979 to resolve the inconsistencies in the treatment of loans by different supervisors. Formalised by legislation in 1983, it meets three times a year, in March, June and October.

On it sit three representatives each of the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency and the Federal Reserve.

The chairmanship rotates the current chairman is Mr Leon Tarrant of the OCC and decisions are made on a simple majority vote.

Although it is an issue on which the regulators will not comment, the FDIC representatives are reputed to take the "hawkish" line, as would be expected from the insurance agency, and the Fed the sof-

The committee is rarely publicly criticised by bankers, although it was regarded by some as too quick in downgrading Polish debt a few years ago. Generally, it views itself as a follower rather than a leader, there to corral the stragglers. If it makes a decision which means banks writing down debts, most banks will probably already have done so.

However, it does not escape criticism from Congressmen who believe it to be too soft on the banks. A report from the General Accounting Office assailed it for, among other things, not paying enough regard to the secondary market in Third World debt, where loans often trade at a much

deeper discount to face value than implied by ICERC's direc-

Most regulators do not have much time for that argument. Market volume is low and prices, driven by a multitude of special factors, such as the availability of debt-to-equity swaps, are not representative of the value of the loans. At a typical meeting, 15 to 18 countries are on the agenda.

imminent debt service prob-The next grade down, known as Otrip (Other Transfer Risk Problems), is reserved for loans for which debt service problems appear imminent, or which are moving up from a

The categories start with

strong, moderately strong and

weak, all of which imply no

lower grade. other things there are arrears and there are no International Monetary Fund loans or other economic programmes in place, loans are classified as sub-standard, but still no reserves are required. Only in the classification below that -Value Impaired - is the provision of what are called Allocated Transfer Risk Reserves

Usually, a reserve of 10 per cent is required at first, and if the position has worsened subsequently, that will be increased by a further 15 per cent after one year, and more

When reserves are increased to 100 per cent, the loans are described as a loss: an unbankable asset. Around a dozen countries are defined as substandard, eight thought to include Peru, Zaire, Sudan and Poland are value-impaired, and one - thought to be Nicaragua is defined as a loss.

Advertisement

### Loan package for US trade terms improve By Anthony Harris in Washington Argentina expected US TERMS of trade improved by 8.7 per cent in the year, by 3.1 per cent in the third quarter of 1988, according to figures released by the Bureau

By Stephen Fidler, Euromarkets Correspondent

THE board of the World Bank was yesterday scheduled to give formal approval to \$1.252bn in loans for Argentina, the largest loan package ever approved by the bank in one session for a single coun-

The meeting was taking place as an international Monetary Fund team was in talks in Buenos Aires over a standby financing programme. An IMF official was present at the Bank meeting yesterday. A row over the loans blew

up at the IMF-World Bank annual meeting in West Berlin last month, when the bank was accused of pre-empting the fund, traditionally the leading institution in working out packages for indebted countries, in proposing the loans. There is also scepticism that Argentina, which has a poor record in meeting loans from

meet the terms and conditions of the loans. The financing comprises \$700m in two fast-disbursing sector loans, of which only \$150m will be disbursed immediately under a trade sector reform loan, and a further \$552m in project and investment finance. A \$300m housing project loan will be disbursed over five years and a \$252m power sector investment loan

over two years. A further \$150m of the trade loan and \$200m of a banking sector reform loan will be disbursed in January, but only after certain economic conditions have been met. By this time, officials hope an IMF programme can be in place, which they believe will offer further support for the credit.

The bank is stressing that it considers the fund's participation critical in the resolution of Argentina's problems.

### Snags for Brazil social pact

By Ivo Dawnay in São Paulo CONFLICTS over public sector

the institutions, will be able to

pay are proving a big obstacle to the Brazilian Government's lators' hopes of resolving the | efforts to cut its deficit and thrift crisis without a direct | find agreement on an anti-ininfusion of taxpayers' money. I flationary "social pact" with employers and unions. On Wednesday. Mr Luis

Antonio Medeiros, the moderate São Paulo metalworkers' leader, said he would join the socialist union confederation. CUT, and boycott pay talks if Brasilia did not meet striking civil servants' demands. Twenty-four hours earlier.

The burghers of Edinburgh

may soon be drinking the health

of Noboru Takeshita, the premier

If his tax reforms have the

This week, The Economist

suggests how the new battle lines

liquor market in Japan and

President Jose Sarney bad ordered a tough crackdown against the strikers, telling ministers in 17 affected departments to dock pay, break up pickets and sack those in

breach of regulation. Workers' representatives are also proving tough negotiators in the initial talks on a tripar tite social pact. A union leader has flatly ruled out a proposal to apply an across-the-board reduction to next month's inflation-indexed monthly increases to pay and prices.

trading figures in the eleven years up to the turn of the century, it is a signal worthy of more than just a passing note. For the steadily growing airline, Finnair, its hub firmly grounded on Finland's capital, the prospects for the decade ahead could be even rosier if the concept of "Gateway Helsinki" catches on within the intercontinental travelling fraternity.

near-straight-line travel over the Arctic with a midflight stopover to ease jet lag appeals to those trans-global journey by

prevailing; situation by the tailwind of export nation's healthy, technologically industries.

In real terms, in the 1987/88 traffic was up 19% over the previous year, air freight (cargo and mail) showed a rise of 8%, turnover rose 18% (19% for the group) and profit almost doubled (for the group, 100%-plus).

alone showed an increase of 16%, and the lucrative charter sector recorded a 20% expansion.

ing no sign of let-up. Chairman and CEO, substantial charter busi-

The rate of flect utilisation in block hours in the last fiscal year was higher for almost all our aircraft types than in previous years." Potila "It was most reveals.

"What this points up significant significantly increase productivity with our current fleet. And based on fairly even allowing for the usual business cycles, we can roughly expect a doubling of last year's figures by the year 2000."

Not only because the Finnish government holds 76% of its equity, Finnair is very much its country's carrier. Its strategic policy has been to eschew any notion of expansion internationally routes in which Helsinki does not play a role.

The closest the airline has come to departing from that strategy is its intention to purchase a 25% stake in Spain's Lineas Aereas Canarias, a Comments Finnair's suitable complement to its Antti Potila: "Our returns ness to the Canary for 1988/89 are manifestly Islands.

Finnair's Chairman round the trend is for even and CEO states that he

FINNAIR

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### Riding the tailwind of Finland's business boom

ould not rule out further

expansion of this nature.

as long as there is some

form of link with Finland.

prestigious Hotel Berlin

As an enterprise that

the

By Victor Thome, Helsinki

of Labour Statistics yesterday. Import prices fell by 1.1 per

cent, thanks to a combination

of a strong dollar and weak oil

prices, while export prices rose

2 per cent, almost entirely as a

result of the impact of the US

The fall in import prices

reversed the trend of the previ-

ous three quarters, bringing

the 12-month increase down to

4.1 per cent. Export prices rose

Finnair:

drought on world food prices.

When a conservative enterprise within a modest nation forecasts a doubling of its

Finland in the EC supermarket

forced into a whole day's other airlines."

that Finland's national it has some £300m-worth carrier is virtually being of aircraft on order or swept ever faster onwards option for delivery from business generated by the advanced

The boom thus industry relentcountry's business community an opportunity to enjoy sustained growth is cyclical downturn.

The figures for air

Finnairs returns put it in second place in Europe in terms of traffic growth, with future indications show-

higher, and looked at all-

faster growth. To meet the increasing demand on our operations and services. we're having to invest in new aircraft earlier than

Although company's fleet is quite Prognoses apart, the modern, to keep up to date and cater for new business 1989 onwards.

maintains a necessary holding in the related hotel, catering, travel agency and tour and flight operations businesses, innair has been involved in joint ventures of the like of that with Soviet Union international standards. refurbishing

> in Moscow (soon Savoy completion in March). But Antti Potila is forecasts company will hold steady course along the main flightpath of the air traffic business.

The world's sixth oldest airline, Finnair 65th against a backdrop of significant past achievements and pioneering advances in commercial

Western airline to begin flights to Moscow and after the second world war and the specific size to get into jets (one of and the market the first in Europe to general. employ such aeroplanes in charter flights).

inaugurated its scheduled flights from Helsinki to Tokyo in 1983, using a operating areas of dom-route across the North estic scheduled, inter-Pole, it became the first national scheduled and and only airline in the charter traffic to use our world to open a direct non- fleet to the greatest effect, stop air link from Western rather than separate two Europe to Japan.

When

the first airline to sign a contract for the instal- flexible combination of lation of satellite-linked routes and aircraft to suit

telephones for passengers in its DC-10s.

Finnair's non-stop flights from Helsinki to Beijing marked a first for Western Europe. Following the most direct geographical line, the flight takes only 7 hours 55 minutes to China's minutes for the return

scheduled international traffic extends to 35 cities in 27 countries, with the airline represented in some 60 cities around the

world. As early as 1957. Finnair's domestic network was among the densest in Europe. Today, that network ranks as one of the densest in the world in respect of population, birthday on 1st November with a 22nd Finnish in a mood of expansionism destination being added

This, along with the structure of its traffic, has moulded a passenger and freight carrier with well-It was the first founded scheduling and operational experience and the ability to keep of the more demands Antti Potila explains:

this winter.

"The strength of our Finnair operation has much to do with the manner in which we combine the three or more of those three And in 1986, it was sectors organisationally.

"We can arrange a

the market and our own requirements. The result is an important and substantial advantage to us, and a good startingpoint for a wide range of

commercial activities. Another of airline's strengths - and one for which it has earned the respect of professionals the world over - is the quality of its technical support.

The team at Helsinki counts itself as second to none; and if proof of the pudding were needed, the comparatively low ground time of Finnair's fleet would suffice.

British Midland and Paramount, the airlines, make use of Finnair's engineering skills, Germany's Aero Lloyd. Europe Aero Service of Sweden's France and Transswede.

For Finnair, it is as good a reason as any to retain Helsinki as its one and only operational hub, ignoring any enticement to become multinational in favour of promoting Finland's capital city as ideal gateway first company of modest travellers in particular between the Far East and in Far West, and most points in between.

> heightened Given marketing efforts to reveal to the world the intrinsic value of Finland's wide open spaces, Gateway Helsinki could well become a reality - attracting jetsetting travellers for a short stopover to relieve the monotony and stress of non-stop flights and alleviate the effects of jetlag. To the benefit of

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### WORLD TRADE NEWS

# Ferranti in joint avionics project with Aeritalia

By John Wyles in Rome

ANGLO-FTALIAN electronics collaboration moved into the defence systems sector yesterday with the announcement of a development and manufacturing link between two con-sortia headed by Aeritalia, Italy's leading aerospace manufacturer, and Ferranti International Signal, the Angio-American electronic systems maker.

The agreement clears the way for Italian participation in the Thermal Imaging Airborne Laser Designator (TIALD) project, an infrared system for target identification and tracking and laser guidance developed by Ferranti with GEC Sensors

and British Aerospace. The British consortia recently fought off US and French competition to win an order for TIALD pods to be fitted to some of the RAF's Tornado flect. Ferranti hopes the Italian tie will open marketing opportunities in parts of the Middle East and Latin America as well as establishing TIALD as a front-runner for an order

from the Italian Air Force. The Ministry of Defence in Rome is expected to state its requirement early next year for a system to be fitted to the new AM-X ground attack sircraft, due to come into operation shortly.

The consortium headed by Aeritalia also includes Breda Meccanica Bresciana, a special-ist in laser-guided weapons, and Officine Galileo, which works with optical systems. All three companies are publicly owned; Aeritalia being part of the iri group and the other two are controlled by Efim.

Yesterday's announcement forms part of a broader Angio-Italian electronics collaboraing following a framework agreement signed between Apritalia and Ferranti at the end of last year. The two companies have since set up a 50-50 joint venture, Elettronica Aerospaziale Europeo, to be based in Italy, as a vehicle for developing avionics products.

# Daimler to make heavy trucks in China

Experts to study four-wheel-drive vehicle safety

content of over 90 per cent.

reach 6,000 units a year.

years of negotiations.

Geneva to refer the issue to

it also decided to ask each

member country in the mean-

time to examine its accident

statistics for clues to the

extent of the problem, or to

all the discussions is to decide

whether an internationally-

agreed set of mandatory stabil-

ity standards should be drawn

The ECE meeting came at

The underlying objective of

whether one even exists.

up for all such vehicles.

After six years output at the

By Kevin Done, Motor Industry Correspondent

DAIMLER-BENZ of West ler-Benz's West German truck around 350,000 units a year, Germany, the world's leading plant. These will gradually be but could rise to 800,000 in the truck maker, is to begin produ-cing heavy trucks in China in down kits and then finally by the first half of 1990 as a result increasing local production of of its breakthrough licensing. components, leading to a local agreement with North Industries Corporation (Norinco).

the Chinese angineering group.
The trucks will be produced at an existing Norinco plant in Apart from supplying compo-nents. Dalmier-Benz is to give technical support to the proj-Baotou in Inner Mongolia, in a range of 16 to 36 tonnes gross vehicle weight. The local workect. A West German engineerforce will total ground 1,200.

The vehicles, which will be sold under the Northco name, will be equipped with locally

produced Deniz diesel engines with Norinco follows four and ZP gearboxes. The first vehicles will be assembled from semi-knockdown kits supplied from Daim- vehicles above two tonnes is

troversy over the safety of

light four-wheel-drive vehicles.

at the request of the United

Nations' Economic Commis-

The move follows allega-

tions in the UK and North

America that such vehicles

roll over too easily. This is

denied by their mainly Japa-

nese manufacturers, some of

which have seen their sales

The ECE's Working Party

badly affected by the furore.

sion for Europe (ECE), writes

John Griffiths.

medium term. Demand for commercial

vehicles is now met mainly by locally-made vehicles, with only specialist units imported. Daimler Benz said the tech-Baotou plant is scheduled to nology transfer agreement with Norinco would let it increase its presence in the Chinese market while reducing its dependence on fluctuating import opportunities.

It said the licensing agree-ment was a further step in its ing team will be at the plant and Duimler-Benz is to provide an apprentice training school.

The truck licensing deaf strategy of seeking to establish local assembly or production in markets largely closed to imports of built-up vehicles. Daimler Benz says the Chi-In the Far East, it has a nese market for commercial long-established production

selection of the vehicles when

a Daihatsu Fourtrak rolled

over during them. The depart-

ment had been investigating

complaints by the Consumers'

Association about a similar

but smaller vehicle, the Suzuki

model have halved since the

controversy, which began in

US consumer group for the

of the SJ 410, called the Samu-

the spring with a demand by a

recall of the American version

UK sales of the Suzuki

SJ 41.

ing to improve its presence in India by expanding its co-operation with Telco (Tata Engineering and Locomotive Company), in which it owns a minority stake. It is forming a joint venture with Mitsubishi for sales and marketing of its commercial vehicles in Japan.

Since the end of 1987 a limited number of Mercedes-Benz cars is also being assembled in China by the First Automobile Works (FAW) in Changehun for use chiefly by high party officials and the hotel trade. The company has also opened discussions with FAW about the limited assembly of its 200-300 series and about modernising FAW's flagship Chinese car, the Red Flag

### facility in Indonesia and is try-(Hong Qi), with a V8 engine.

AN INTERNATIONAL group 29, of which most vehicle man- the instigation of the UK's rai. of vehicle experts is to meet usacturing nations are mem. Department of Transport, Federal safety authorities next month to examine a con- bers, decided at a meeting in which halted its own tests of a refused the demand on the grounds that the Suzuki was no more likely to roll over than similar domesticallymade vehicles.

> The controversy comes at a time when the popularity of leisure-type four-wheel-drives had been booming throughout Europe, with sales of more than 200,000 units last year. Both Suzuki and Dalhatsu have just launched new vehicles into the sector - the Viara and Peroza/Sportrak

respectively.

# Toyota pondering European strategy

By Guy de Jonquières in Tokyo

considering alternatives to building a car assembly plant in Europe after encountering strong resistance from the European motor industry.

Mr Tsutomu Ohshima, Toyota's executive vice president, said yesterday the alternatives included building a European plant, possibly in partnership with a European company, to supply engines or components to other motor manufacturers.
He said Toyota now accepted
European objections that build-

ing another car assembly plant would aggravate the existing problem of excess capacity. He also said efforts were under way in Europe to write unspe-cified new rules which would prevent the construction of such a plant.

welcome the Japanese," said. "The sentiment seems to be rather deep-rooted." Describing Europe as "the problem of foremost importance" to Toyota, Mr Ohshima indicated that the company's thinking on its future plans had also been influenced by the dispute over France's resistance to exports of cars made by Nissan at a plant in northern England.

France claims the cars are not EC products because they

TOYOTA, Japan's largest contain less than 80 per cent motor vehicle manufacturer, is local content. Mr Obshima said unilateral attempts by a European country to impose local content requirements were "absurd", and that until the issue was clarified Toyota would find it hard to decide on its strategy for Europe.

He said that while any investment by Toyota in Europe must be profitable, the company also wanted to help revitalise the European motor industry. "By no means can we just intervene in the market without paying attention to other factors in the environment," he said.

One possibility would be to build a plant to supply engines to smaller manufacturers which could not afford to develop their own power units. Such a plant could also export "Europeans are reluctant to its output, he said.

Toyota, he went on, favoured a joint venture with a European partner, which could involve either building a new greenfield plant or using an existing facility.

Mr Ohshima said Toyota had rejected a European Commission request this year that the company commit itself formally to freezing its exports to the EC until 1992. However, the company was prepared to ensure that export growth was "gentlemanly and orderly."

# Moscow may set up export credit agency

By Peter Montagnon, World Trade Editor

THE SOVIET UNION has terms. discreetly sought the advice of Britain's Export Credits Guar- prises now expected to stand antee Department about the possibility of setting up its own official export credit agency.

Though it is still some way from a decision to create such an agency, bankers believe the Soviet soundings over the past month provide further evidence of Moscow's determination to modernise its economy and introduce a more Westernstyle foreign trade regime.

They were started at the initiative of Mr V N Kullkov, first deputy chairman of Gosbank, the Soviet state bank, which has also consulted the Bank of England and the Treasury over banking regulation and supervision arrangements which the Soviet Union will need to put in place as it decentralises its domestic banking system.

given in Moscow to creating an to aid finance than convenexport credit agency follows tional export credits. recognition of the fact that Soviet enterprises will have to offer more credit if they are to step up their export sales.

However, few Soviet entercredit analysis to manage such

Moreover, with Soviet enteron their own feet financially. there is a danger that some might run into difficulties if they could not obtain compensation for credits which were not serviced.

Bankers say these arguments speak in favour of a system of credit insurance along the lines already established in most Western countries, something which has not been necessary until now, given the centralised Soviet system of trade and foreign exchange management

Both the Soviet Bank for Foreign Economic Affairs and its Committee for Foreign Economic Co-operation have extended trade credits in the past, but these have generally lomestic banking system. been on exceptionally favoura-Consideration now being ble terms which are more akin

The Soviet Union is thought to have sought the advice of the ECGD because it is one of the oldest export credit agencies, with a history going back prises have the expertise in to 1919. Ironically one of the first beneficiaries of ECGDcredits safely or to ensure they guaranteed finance was the are offered on competitive Soviet Union itself.

tive, imposed 100 per cent tar-

iffs valued at \$39m (£22m) a

year on imports of some Brazilian drugs, electronic items and

Washington's action was h

retaliation for Brazil's alleged

### Brazil says US sanctions breach standstill deal

By William Dullforce in Geneva

BRAZIL CHARGED yesterday ter, the US Trade Representa that by imposing sanctions on Brazilian imports in a dispute over pharmaceutical patents, the US had broken its standstill commitment under the Uruguay Round.

President Reagan's spokes-man had acknowledged the link between the US action and the administration's attempt to secure an agreement on intellectual property rights in the round, Mr Rubens Ricupero, the Brazilian ambassador to the General Agreement on Tar-

iffs and Trade, said. He was speaking to the surveillance body which monitors compliance with the standstill Uruguay Round in 1986.

measures or measures designed to improve their negotiating positions during

tives in the Urugusy Round. A spokesman for the European Community voiced con-

cern about a "possible" breach of the standstill commitment He added, however, that it would be difficult to find a stronger argument than the US-Brazil dispute for the need to elaborate a framework

Israeli bank, with the launch of an annual export award scheme, Andrew Whitley writes from Tel Aviv.

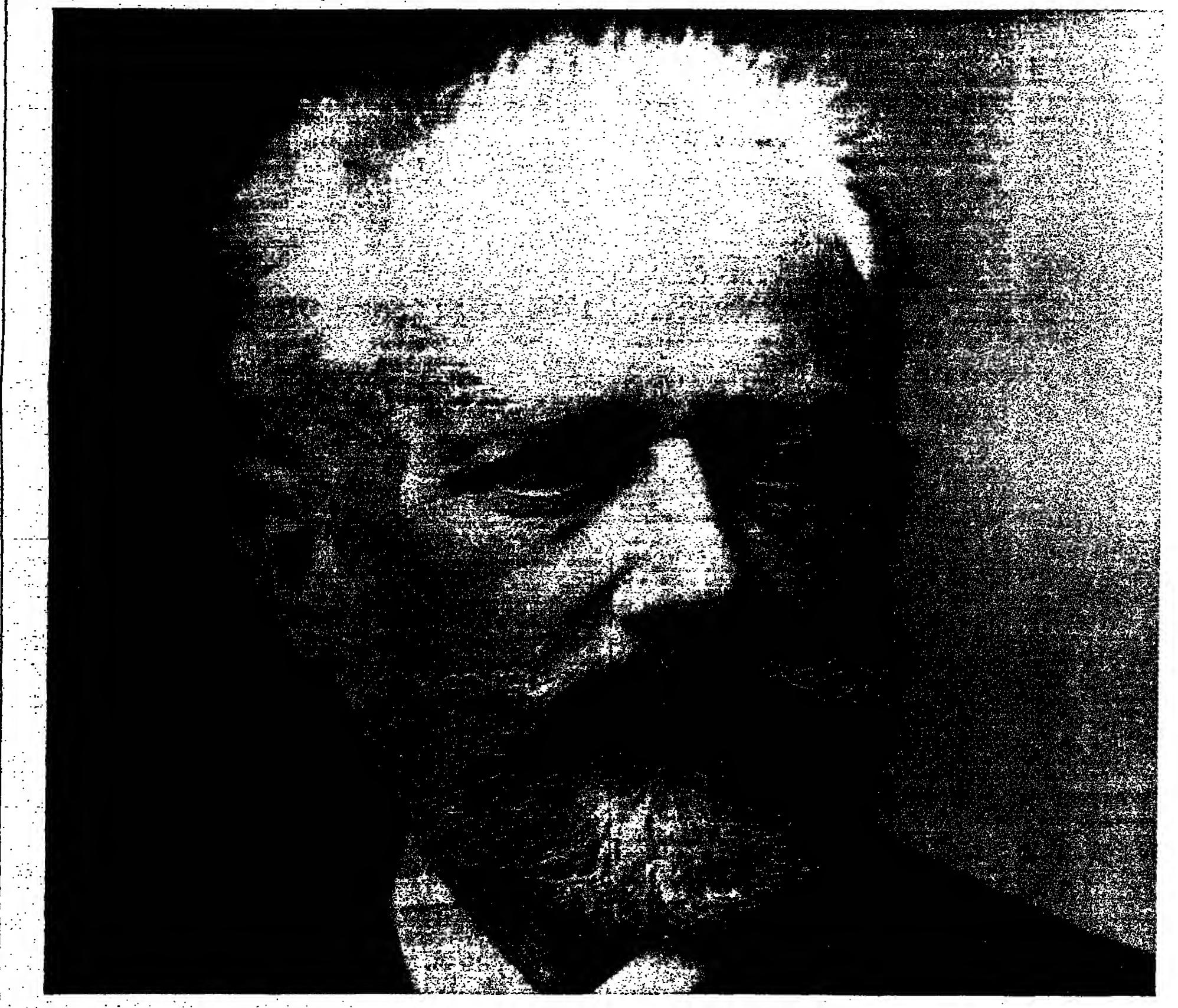
At a presentation ceremony in Tel Aviv, Professor Eitan Berglas, chairman of Hapoalim's board and a prominent economist called on the

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refusal to provide patent protection to US pharmaceutical and fine chemicals companies. India, Egypt and several Latin American countries yesterday backed Brazil's charge that the US was using unitateral action against a developing country to secure its objec-

undertaking given by trade ministers at the launch of the Governments pledged not to introduce new restrictive trade

agreement on intellectual prop erty rights under Gatt. Last week Mr. Clayton Yeut-Boost for small-scale Israeli exporters

ISRAEL's small exporters, often overlooked in the country's export drive, were given a welcome boost this week by Bank Hapoalim, the leading

Government to give small companies more help. He said that last year 179 Israeli companies had achieved exports of Among the six winners of

between \$1m and \$5m. the first set of export promotion awards were two kibbutzbased industries: a polypropylene stretch film manufacturer on a religious kibbutz in the Negev desert, Syfan, and a vegetarian mozen 1000 company,

# Zhao sees risks from inflation as threat to party

By Peter Ellingsen in Peking and Robin Pauley, Asia Editor, in London

ZHAO ZIYANG, the Chinese Communist Party leader, has acknowledged the huge political and social risks posed by rampant inflation in the country and admitted the party's ability to rule will be judged by whether it can control inflation next year.

He also warned that if widespread corruption among party and government officials did not stop the party would lose the support of the people. in the most frank explana-tion yet of China's sudden decision to slow economic reform Zhao all but admitted his prized price reform was undermining party control. With the country all too painfully aware that inflation is running close to 30 per cent, he told senior cadres: "If the rate goes above the two digit figure, economic and social stability will be

affected." His comments were made in a private speech to the third plenum of the 13th central committee in Peking late last month and have only now been published. The meeting took place in a crisis atmosphere following a tussle in the summer between economic reformers led by Zhao and conservatives led by Li Peng, the Prime Minister.

Zhao was ultimately forced to abandon some of his economic reforms and slow down on the others, largely in the face of arguments that inflation could bring the party down. Chinese political leaders are exceptionally sensitive to inflation as that was what ultimately brought down the Nationalist government and enabled the communist revolution to succeed in 1949. The monthly inflation figures in China since June have all been

the highest since 1949. Zhao, China's most senior leader after Deng Xiaoping. optimistically predicted in his speech that price rises would be less than 10 per cent next year. He outlined a revised reform program that included "eliminating egalitarjanism" in wages so that underpaid doctors, teachers and scientists losses," he said.

INTERNATIONAL

Monetary Fund credit facility,

to be negotiated in Manila

from November 2, will form the

"cornerstone" for new commer-

cial bank loans and increased

official aid. Mr Jose Fernandez,

the Central Bank governor,

The Philippines will request

between \$600m and \$800m for a

two-vear facility that will

require the country to follow

similar economic reforms to

those laid out in a stand-by

Mr Fernandez also said the

Philippines will need less new

money from commercial credi-

tor banks following the recent

agreement with Washington on

the next two years' US use of

The Philippines asked its

bankers for \$1.6bn in new

ALL ECONOMIC aid to

Ethiopia, including that from

the European Community, is

used to bolster the country's

military institutions, Mr

Issayas Afeworki, sec-

retary-general of the Eritrean

People's Liberation Front,

Mr Afeworki, speaking at the

Royal Institute for interna-

tional Affairs, maintained that

any economic aid was being

channelled into the war

against Eritrea - an autono-

claimed in London yesterday.

credit that expired in August.

said yesterday.

military bases.

By Stephanie Gray



Zhao: corruption warning

can be given wage rises, and said the rationalisation of China's confusing two-tiered pricing structure depended on curbing demand.

In an attempt to dampen reports about the top-level split over the speed of economic reform, Zhao called for "unifled leadership and order" in carrying out the next five-year

Zhao said it was impossible to abandon the current dual system in which some prices are fixed while others float, until a majority of goods were in surplus. The state would retain clamps on sensitive services in short supply such as transport, communications and power. Key rural commodities such as grain and oil-seed crops, and coal, crude oil and steel would also stay under priced-controlled state monop-

The aim, he said, was to halt the fall in living standards that occurred as the economy boomed and staples became scarce and expensive.

Attention would also shift to reforming enterprises by providing greater autonomy for managers and allowing inefficient companies to go to the wall. "In the future the state will not. . . subsidise their

that has since been agreed.

the deal now being signed by

Brazil's creditor banks to see

what debt reduction schemes

might help the Philippines cut

its \$28.9bn debt, Mr Fernandez

said. The Brazilian deal

includes \$5.2bn of new money,

restructuring of \$62bn and

schemes which bankers say

can help cut \$19bn of debt over

reality that the structure of

mous region annexed by Addis

Ahaba in 1962. EC aid to the

Soviet-backed Ethiopian

regime amounted to about

He said that although pros-

pects for an end to the 27-year-

old war were better than ever

because of reduced tension

between the two super powers

there was no sign yet that

Moscow was putting pressure on Col Mengistu Haile Mariam,

the Ethiopian leader, to wind

down the war.

lending no longer works."

"Brazil's deal recognises the

five years.

EC warned on Ethiopia aid

Manila to negotiate IMF 'cornerstone' credit deal Seoul Olympic Games. By Richard Gourlay in Manila

Total exports for the first nine months have reached money over two years earlier \$7.3bn compared with \$5.3bn this month, but did not include last year. Efforts by the Govthe \$320m hard cash compoernment and private sector nent of the bases agreement to change the trade pattern are continuing to The commercial banks asked the Philippines team to study

The accumulated trade surplus with the US fell from \$6.9bm last year to \$6bn this year during the period, a 14 per cent drop. South Korea expects to

reduce its surplus with the US over the whole year from \$9.8bn in 1987 to around \$8bn this year, by switching import sources from Japan to the US and Europe and by exporting more goods to

banks is no longer monolithic in their approach to debt." Mr A strong rise in exports to Japan has already occurred Fernandez said. "The old fashand the trade deficit is ioned compulsory, involuntary expected to be reduced to around \$3.8bn from \$5.2bn last year.

The appreciation of the won against the dollar has not yet apparently had a great effect on exports largely because South Korean companies have been able to absorb costs and keep prices down. It has, however, affected company profitability.

A US Treasury report this week criticised South Korea and Taiwan for "manipulating" their currencies to help exports, provoking criticism from Secul officials. The won has appreciated by 12 per cent against the dollar in 1988 following an 8 per cent rise last

# South African whites step back from extreme right

Anthony Robinson reports that the Conservative Party failed to break out of its Afrikaner heartland

OUTH AFRICA'S white rural dorps of the northern electorate looked over the parapet at the prospect of Orange Free State and Karoo racial conflict offered by the equivalents). policies of the right-wing Conservative Party at this week's among blue collar families in
municipal elections – and, at the decaying industrial towns
least outside Transvaal, of high white and black unemretreated to a safe distance.

The overwhelming majority of black voters boycotted the polls entirely – but the fact that elections were held at all in black areas which were in open revolt three years ago is being interpreted by Pretoria

as a victory of sorts. If that is the broad-brush pic- is clearly here to stay. ture which emerges from Wednesday's first ever nationwide segregated municipal elections, a closer examination reveals some fascinating cross currents and pointers to the future.

sion to be drawn from the

white elections is confirmation that the CP does not have national appeal and is essentially a right-wing Afrikaner It is not an unstoppable steamroller able to crush the NP nationally by picking up massive support in the Cape, or Natal or the big cities. On the contrary these "grass roots elections" run like a general election have shown that the CP's appeal to date is still concentrated mainly in the small

ployment east and west of Johannesburg. To judge by its strong showing in Pretoria it can also claim a still rising level of support among the bureaucrats of the Afrikanerdominated state, including the police and the lower echelons of the armed forces. The party But the platteland represents South Africa's past. The future is being forged in the cities and

has re-confirmed its position as the cautiously reformist centre uture. (in the conservative South
The most important conclu- African context) of the country's political life.
But although it has won outright control of Johannesburg for the first time, retained conboth Pietermaritzburg, the

Natal provincial capital and

Bloemfontein, the Orange Free

state capital, it will not

have an easy task running

here the ruling National Party

local affairs. In Pretoria, where the CP failed to win any of the nine parliamentary seats in last May's white general elections, the party increased its city



Boosted: Pik Botha (left), P.W. Botha and F.W de Klerk (right)

council seats from eight to 19. This puts the CP only three seats behind the 22 retained by the NP and means that in the nation's capital the CP will be breathing down the ruling party's neck in the city council and preparing a springboard These are due in March 1990 at the latest - barring a compromise in the tri-cameral parliament which would allow a postponement to 1992.

Meanwhile, in Johannesburg, far and away the most wealthy and dynamic city in Africa, the rather jaded bunch of local nationalist politicians who secured a narrow overall

majority of 26 out of 51 seats on the City Council face à rejuvenated and energetic liberal Porgressive Federal Party with 18 sests, and for the first time a small CP presence in the poerer white suburbs where inhabitants fear being turned into multi-racial "free settle-

Hillbrow, the high-rise inner city suburb won for the NP from the PFP by Mr Rupert Korb, is likely to prove the toughest test of the new council's ability to introduce peacefully the Government's proposed legal "free settlement" areas for all races.

In Mr Korb's view every-thing hinges on the success of a shortly to be initiated "law and order" drive to stamp out prostitution, drug trafficking, illegal shebeens and the like and give people confidence that Hillbrow will not end up like a South African version of New York's South Bronx. In personality terms the NP's success in Johannesburg gives a big boost to the presidential chances of Mr Pik Botha, the Foreign Minister, who is also the party leader in Johannesburg. Mr Botha is already backing in the already basking in the reflected glory of Fresident Botha's recent European and

Eclipsed three years ago after his injudicious comment about being prepared to serve under a black president in certain circumstances, he is probably the most popular NP politican among white voters and is seen as the most human white nationalist politician by Mr F.W. de Klerk, the Trans-

African tour.

vaal party leader, has also been saved by the CP's failure to sweep the Transvaal platteland and the NP's retention of both Pretoria and Vereeniging. Mr de Klerk's parliamentary constituency. The overall election results,

including the election of several hundred black, Coloured and Indian councils on a higher overall turnout than the 1983 black local elections. enables the Government to press on with its slow and cautious "reform" policies at a local and national level. Its main priorities now will be to strengthen the multi-racial Regional Service Councils and the co-option of recently elected black local councillors onto its proposed National

The Council is designed to thrash out a new multi-racial power sharing constitution which will include blacks

but retain ultimate white
control for the foreseeable
future. All attempts so far to get this concept off the ground have foundered on the refusal of black leaders such as Zuiu Chief Mangosuthu Büthelezi and others to participate while Mr Nelson Mandela and other black leaders and organisa-tions remain in jall or banned. The 61,000 dollar question at this point remains whether the election results will sufficiently embolden President Botha not only to release the ailing ANC leader, as expected within the next few months, but in such a way as to start a genuine process of negotiation with black leaders other than those elected with miniscule popular support at the latest

### S Korean trade surplus over target

By Maggle Ford in Seoul

SOUTH KOREA recorded its best monthly current account surplus this year in September, with a total of \$1.4bn. bringing the 1988 surplus so far to \$9.8bn, well above government forecasts.

The surplus rose sharply from the same month last year when it reached \$1.1bn. For the first nine months of the year it showed a 37 per cent rise over the same period last

Strong exports in September produced a monthly trade surplus of \$1.1bn compared with last year's total of \$917m for the month. Income was also boosted by tourism and other revenues connected with the

pay off.

# Indonesia makes sweeping reforms of banking sector

By John Murray Brown in Jakarta

INDONESIA announced banking reforms yesterday in a bid to improve its financial markets and mobilise domestic funds in the latest package of measures to stimulate the economy.

Mr Radius Prawiro, the Eco-

nomics Co-ordinating Minister. said the changes add up to the most comprehensive restructuring of the sector since the mid-1960s, and cover foreign banks, capital markets and the monetary policy. The reforms, which were broadly welcomed by business-

men yesterday, are expected to reduce banking costs to most lenders and borrowers and so improve business efficiency at a time when the Government is seeking to boost non-oil economic activity. The package also aims to raise government revenues at a time when the budget is under severe discipline, largely as a result of the depressed oil market.

Under the new regulations, foreign banks will for the first time be able to operate outside Jakarta, the Indonesian cabital. The regulation is restricted

to six leading provincial cities. and will allow the 11 existing foreign banks to set up branch offices and any new foreign banks to create letit ventures with local Indonesia banks. On monetary policy, Bank Indonesia, the central bank, is to improve its swap facility, the hedge against currency movements. Swap maturities are to be raised from a maximum of six months to three

years. The swap premium will

now be calculated on Libor

(London interbank offer rate)

and prevailing domestic

and STBU - the short term monetary instruments used to manage the money supply - have also been extended from seven days to 180 days. Banks' reserve requirements are to be eased from 15 per cent of deposits to just 2 per cent. Mr Adrianus Mooy, the BI governor, said yesterdây, "the idea is to minimise the cost of funds and reduce the spread between lending and deposit rates".

In another important move.

Maturities on both the SBI

public enterprises which currently hold funds at state banks are to be free to utilise the foreign and private banks. Reforms to the stock market are calculated to attract more listings, and so provide business new sources of long-term funds to reduce the currently damagingly high levels of gearing. Of these, a more equitable fax treatment for bank deposit holders is expected to redirect funds to the bourse where share dividends are already taked. Tax on deposit interest is to be charged at 15 per cent.

# Tokyo presses on with tax bill in spite of scandal

By lan Rodger in Tokyo

JAPAN'S ruling Liberal Democratic Party yesterday bulldozed a schedule for public hearings on its controversial tax reform plan through a parliamentary committee despite angry protests from opposition politicians.

The move was apparently designed to show that the party was determined to forge on with tax reform despite the widening repercussions of the Recruit financial scandal. However, political analysts

in Tokyo said the scandal - in which several politicians and businessmen, including aides to the Prime Minister and other ministers, made huge profits after buying shares of a small property company, Recruit Cosmos, in advance of its public flotation two years ago - appeared to be deepen-

Yesterday, Mr Klichi Miyazawa, the deputy Prime Minister and Finance Minister, was once again called on to explain in the Diet (parliament) how his name came to appear on a list of those who received Recruit Cosmos shares. So far, Mr Miyazawa, who leads the third largest faction in the LDP, is the only senior politiappeared on a list and, because of it. there have been calls for his resignation.

He has claimed that a friend of one of his aides used his name to buy the shares and that he himself had nothing to do with it. The opposition parties demanded that the aide and his friend be obliged to testify in the Diet but the LDP refused, offering instead to

have Mr Mivatawa explain the situation in more detail. Yesterday, Mr Miyazawa, who, in the view of some analysts, was fighting for his political life, merely repeated the same explanation. The reaction among his own colleagues was not yet clear last night, but opposition leaders were dissatissted, and repeated their demands that the Miyazawa the Diet. Mrs Takako Doi. leader of the Japan Socialist Party, the largest opposition party, said the JSP would continge to stand firm against the tax reform and would continue to demand a full investigation

of the Recruit affair. Meanwhile, an opposition politician, Mr Keishu Tanaka of the Democratic Socialist Party, admitted that he had



been among those that had boatht shares in Recruit Cosmos and apologised publicy for it. Other admissions are expec-

again less than the 2.0 per cent

rise in August. The increase in

production and shipment

stemmed largely from strong

demand both at home and

ted following the news yesterday that the Tokyo Public Prosecutor's office had obtained a list of all Recruit Cosmos shareholders. The public prosecutor has been investigating allegations that in August Recruit Cosmos tried to induce an opposition

politician through bribery to moderate his investigation of the share distribution scandal. Officials from the prosecutor's office said yesterday that several key documents were missing from files taken by them from Recruit offices last week. Following yesterday's vote, the LDP plans to hold public hearings on its six tax reform bills next Friday. If it succeeds in holding the hearings, it would then be able to bring the hills to a vote in the two Diet

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# Modest Bank of Japan intervention fails to buoy dollar

By Stefan Wagstyl in Tokyo

A MODEST effort by the Japanese authorities to support the dollar - its first intervention in six months - yesterday failed to dispel a strongly-held belief in Tokyo that the US currency could fall

The Bank of Japan bought

an estimated \$10m to stem a decline in the dollar following the release of data on Wednesday which showed a slowdown in US economic growth. Soon afterwards, Mr Satoshi Sumita, governor of the central bank, and Mr Kiichi Miyazawa, the Japanese Finance Minister.

tried to rally support for the

dollar with strongly-worded

index in September rose 0.4 per cent from August to 114.8, according to the Ministry of International Trade and Industry, Michiyo Nakamoto reports from Tokyo. Although this marks the second consecutive increase for the index, which

But neither these statements nor the central bank's intervention had much effect on the market. The dollar, which had opened at Y125.95, responded by rising temporarily above Y126, but it later fell to close at

scale of the central bank's

Traders said that the small

Japan's industrial production represents the mining and manufacturing industries, the rise was smaller than the revised 2.7 per cent growth registered in August. The index for September also rose for the second consecutive month to 114.8. The 0.3 per

> intervention indicated that Japan had no real intention of driving the dollar up. Even though it denies it, the Bank of Japan is widely thought to consider that a further decline in the dollar is likely. In his public statements Mr Sumita said there was little

possibility that the yen would

cent increase, however, was

abroad for cars and other vehicles, and by steady domestic demand for consumer begin to appreciate sharply. Mr Miyazawa said the authorities

were ready to counter any overly erratic movements in the currency market. Mt Miyazawa also stated that the market should now stabilise itself after its initial reaction to figures published in the US on Wednesday. These

showed that the real annualised rate of economic growth fell in the third quarter of 1988 to 2.2 per cent from 3 per cent in the second:

Even as the dollar rose in the wake of the June summit in Toronto of G5 and G7 industrialised countries, there was a widespread feeling in Tokyo that the ascent to the mid-Y130 range might be temporary. Mr Yukuo Takahashi, foreign exchange manager at Chemical Bank in Tokyo, said that before Wednesday's economic data was announced he had thought Y126 was the low-

est the dollar might fall in the

next month or two: Now it

# Israel's secular right stands to take votes from Likud

further.

statements.

Andrew Whitley reports on how emergence of parties on the extreme right has changed prospects for coalition building

HERE ARE not many predictions about next Tuesday's general election in Israel that can be made with confidence. But one near certainty is that the extreme uniform, are overwhelmingly right will make considerable more hawkish than their parstrides, emerging for the first time as a powerful political bloc whose siren tune Mr Yitzhak Shamir's Likud party will be unable to ignore.

The proscription by the Supreme Court last week of Rabbi Meir Kahane's extremist Kach party will reduce the dimensions of this emerging force. But the three other extreme-right parties in the field - Tehiya, Tzomet and Moledet - should between them command another 10 or 11 seats, double their previous representation in the Knesset. or parliament.

Unsurprisingly, what has boosted their prospects is the Palestinian uprising in the

West Bank and Gaza Strip. First-time voters in the 18-21 age bracket, nearly all of whom are now either serving in the army or have friends in ents' generation.

Apart from Kach, the new parties holding particular appeal for the young are those headed by two retired army generals. Gen Rafael "Raful" Eitan of Tzomet and Gen Rehavem "Gandhi" Ze'evi of Moledet, the Homeland party. Both are open advocates of the expulsion of some or all of the 1.5m Palestinians living in the occupied territories to other Arab countries as the only solution to Israel's dilemma. In the face of this offensive from the extreme right, political scientists agree that Likud

will be doing well if it can sim-

ply hold on to the same num-

ber of Knesset seats as it won



at the last elections Notwithstanding the optimism being exuded by Mr Moshe Arens, the party's campaign organiser, latest opinion polls suggest that Likud may be cut back to only 39 or 40 of the parliament's 120 seats: down from 41 in 1984 and the peak of 48 seats it achieved under Mr Menachem Begin, its charismatic founder, in 1981. The significance of this projection is that, to be able to

form a narrow coalition government of the right, Prime Minister Shamir will need to garner the support of both the small religious parties and the secular ultra-nationalists to his right. The latter he can rely on; but the religious parties have traditionally swung behind whichever of the two main parties - Likud or Labour - have been prepared to pay a higher price for their support.

"It's not in the religious parties' interests to remain in opposition," says Professor Yohanan Peres of Tel Aviv University, pointing to their dependency on Treasury funds for theological institutes and their concern to influence legislation over social and religlous issues from inside the

government. "Unfortunately, the religious parties cannot survive for long outside a coalition," opined Mr Lova Eliav, a leading Labour

politician. "They know where the power is and they will eventually come round." In the 1970s, the religious bloc - long allied with Labour - moved to the right, particularly over the issue of the occupied territories. "God promised us this land and no government can return the land," is the biblical view of that 15 per cent of the Jewish population who describe themselves as

But in this election, the religious vote will be split between five competing parties: two mainstream - the National Religious Party and a more moderate breaksway, Meimad - and three ultra-orthodox parties. Labour, trying hard in this campaign to show that it is not anti-religious, is betting heavily on being able to split the fractured religious bloc and

woo over three or four extra

supporters in the Knesset.

"observant".

Likud likes to define itself these days as "the national camp", suggesting both that it is more nationalist than its main rival, Labour, and that it has captured the political middle greund. But Likud has itself been

suffering a slow haemorrhage of support over the past seven years to the secular right; to former comrades-in-arms such as Mrs Geula Cohen, a Tehiya firebrand, who feel the historical cause of Revisionist Zionism once represented by the Likud alone has been betrayed by "treacherous acts" such as the 1978 Camp David agreement with Egypt.

As the pollsters constantly note, there are very few "cross-over" voters on the Israeli political map - split diametrically down the middle into entrenched right and leftwing camps. What Likud politi-

cians such as Mr Arens fear is

not that their natural voters will switch to Labour, but that his party's bargaining power when it comes to forming a government will be reduced by the seattering of the right-wing vote across this end of the spectrum.

In other words, after Novem-

her 1 Likud will be grateful for

any extra political ally it can

muster. Before then it must strain every muscle to expand its own size. Anything less than 40 seats could, mathematically, force it back into a grand tostition with Labour. Who would lead such a government would then become the real sticking point, as both Mr Shamir, and Mr Shimon Peres, Labour's leader, say they have no intention of serving under the other again after the frustrating

experience of the last four

years. They may be forced to

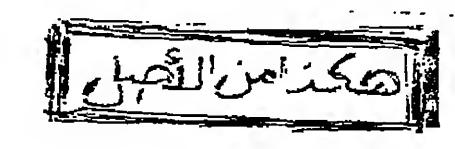
est their words.

could test Y125, he said. Polls rank Likud

and Labour even With four days to go before polling takes place, little appears to be separating Israel's left and right-wing political blocs in terms of veter preference, Andrew Whitley reports. Polis continue to give the Labour Alignment a slight edge ever Likud, but the balance between the two is evened out when each side's allies are smaller

included. Faced with the projected growth oil tack political wing of the leftist Citizens Rights Movement and the ultra-natidualist Tehiya party, the main parties' television campaigns have in recent days begun to lay heavy emphasis on the "wasted vote" argument familiar to British vot-

According to the election committee, 2.89m Israelis are eligible to vote this year. The turn-out is expected to be as heavy as usual, probably in excess of 75 per cent of the



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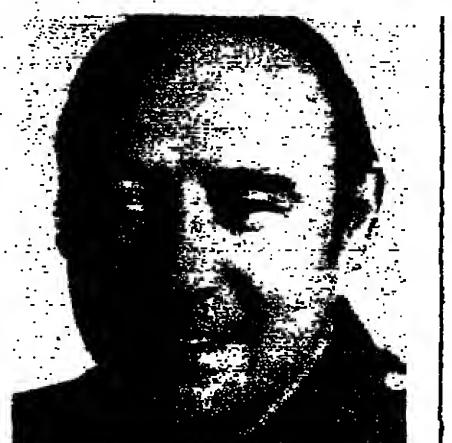
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# ANGUAGE



Playing host each year to 36 million people from all over the world is no easy task. Here, noted manwatcher Desmond Morris treats us to a lighthearted look at some of the deadly, but unintentional, gaffes. that can so easily occur when cultures collide at Heathrow, the world's premier international airport. To find out more about the eyepull, the ear-tug, and the celebrated Greek 'moutza' now read on....

I'm never bored at airports. Quite the reverse. I visit them like other people go to the ballet. To a Manwatcher, there's nothing more fascinating than observing citizens of different countries mingling and exchanging body signals.

And nowhere is the performance so enjoyable as at Heathrow, the world's top international airport. Day and night they pour in, a cast of 36 million

a year from every corner of the globe. Where else but Heathrow could you hope to see Brazilians rubbing shoulders with Brahmins, Poles with Polynesians, Madagascans with Minnesotans

Intelligence or stupidity?

It depends whether you're Dutch.

and gesture. But since these body-lingos are often

mutually incomprehensible, an innocent gesture made

in an airport lounge may well be an unwitting insult.

Something in your eye? Think

before you touch the

lower lid. If a Saudi

sees you, he'll think

American senorita will think

There is no greater insult

face. This gesture,

you can offer a Greek than to

thrust your palms towards his

you're making a pass at her.

you're calling him

stupid, but a South

Each nationality has its own language of posture

Astonishing though it may seem, this simple with Nepalese? gesture means five different things in five different and Neapolitans Mediterranean countries.



At all costs

avoid the

Spanish Louse

gesture.

called the 'moutza,' is descended

through the city.

from the old Byzantine custom

of smearing filth from the

gutter in the faces of criminals

as they were led in chains

So vile is this insult that in

Greece even the Churchillian

Victory-V is taboo, as it looks

Thus the Cretan or Athenian

traveller, ordering two teas in

a Heathrow restaurant, will

like a half-'moutza'

this means 'A-OK'

In France it means 'zero'.

Depending on his nationality, the Assistant has offered the passenger the following insult: TO A SPANIARD: 'You rotten sponger.'

Harvey Smith manner. With 22,600 orders for cups

of tea open to misinterpretation every day, the

asks at the Information Desk where he should go to

unlike many airports I could name, passengers don't

pay any taxes. But just as the Information Assistant

begins to say so, she is assailed by a tremendous itch

It's so easy to give offence. Suppose a passenger

Now the good news is that at Heathrow,

wonder is the place functions at all.

pay his airport tax.

and tugs at her earlobe.

TO A GREEK: 'You'd better watch it, mate'. TO A MALTESE: 'You're a sneaky little so-and-so.' TO AN ITALIAN: 'Get lost you pansy.'

Only a Portuguese (to whom the gesture signifies something ineffably wonderful) would hang around long enough to hear the answer.

Happily, I can report that BAA's information staff are trained in body language.

A Sardinian woman asks if it is easy to find a taxi at Heathrow. The answer she gets is a cheery British thumbs up. (Very likely from one of the 900 cabbies who serve the airport on an average day.) Immediately, she clonks the unfortunate man with her handbag

> for making such a devastatingly obscene suggestion. This is why, incidentally, it's inadvisable to hitch-hike in Sardinia.

Isn't there at least one truly international gesture? Don't bet on it. A Japanese asks an American passenger

whether Heathrow has a luggage trolley service. It has. And as it happens, this service is not only first class, but FREE! So the Yank replies with the famous 'A-OK' ring gesture. But to the Japanese this signifies 'money' and he concludes there is a large charge for the service.

Meanwhile, a Tunisian on-looker thinks the American is telling the Japanese that he is a worthless rogue and he is going to kill him.

The ring-gesture can have further meanings.

A Frenchman has just read a BAA advertisement. Glancing around the restaurant in Terminal 4, he remarks wonderingly to his wife, 'You know how much zis aeroport cost the British taxpayer? Not a sou? And he makes the finger and thumb ring which to him means 'zero.'

Unfortunately, at the time he is glancing at a Colombian who is enjoying a fine Burgundy with his steak Bearnaise. The Colombian, enraged by the deadly obscenity which he assumes is directed at him, chokes on his wine and catches at his nose with finger and thumb.



The Punjabi Snake Tongue means 'you're a liar.'

This appalls a Syrian sitting opposite, who thinks the Colombian is telling him to 'go to hell'

The Syrian is restrained with difficulty by his Greek colleague from getting up and punching the Colombian on the nose. Meanwhile the maitre d' hurries over and attempts to calm the situation with two out-thrust



In Japan it means 'money.'

In Tunisia it means Tll kill you?

palms. This of course is taken by the Greek to be a double-'moutza' and in his rage he promptly skewers the unfortunate man with his fish knife.

Of course I am exaggerating to make a point, but I do find it astonishing that Heathrow receives only 8 complaints per 100,000 passengers. Keeping the lid on this simmering rum-punch of international emotions must take every bit as much diplomatic skill as running the United Nations.



To a Saudi this is insulting. To a Florentine deeply flattering.

But even if you're never treated to such a choreography of misunderstandings, the Heathrow ballet is never dull.

Eyes peeled, next time you're there.

(And if you spot anything really unusual, like the South American Goitre Sign, or the Hawaiian Missing Bottle Waggle, do write and let me know.)

The world's leading international airport group.

carefully reverse his palm and give the waiter two fingers in the best

Edinburgh

Aberdeen

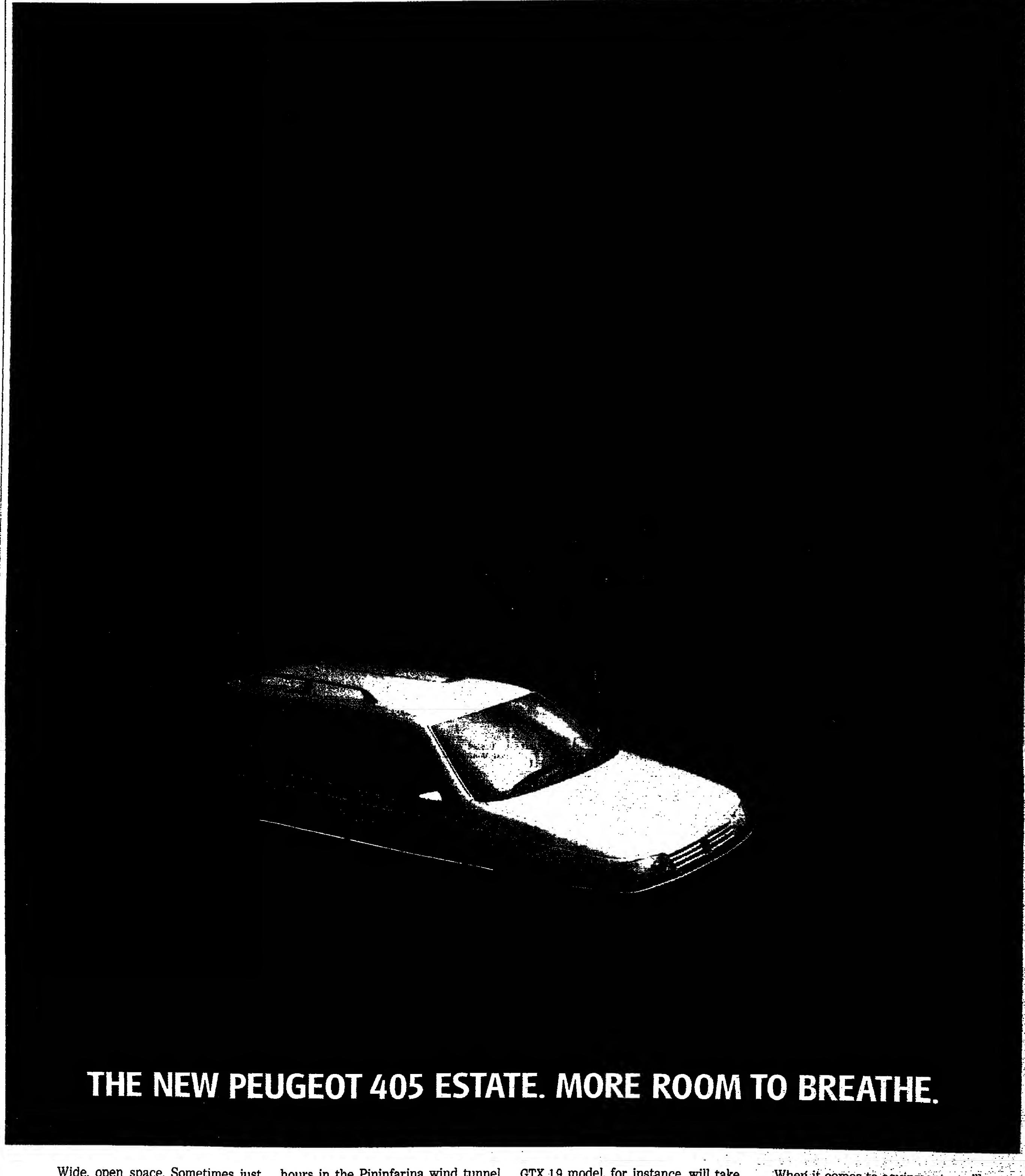
✓ Heathrow

Gatwick .

Stansted

Glasgow

Prestwick



Wide, open space. Sometimes just the sight of it can take your breath away.

So why should a car that offers you more space be boring? It shouldn't. But more often than not, it is.

The new Peugeot 405 Estate isn't boring. Because it gives you all the style, performance and sheer driving pleasure you'll get from any Peugeot 405.

How? By intelligent, careful design. Take the car's aerodynamics. Long hours in the Pininfarina wind tunnel have given the 405 Estate one of the lowest drag factors of any estate car in its class. What's more, it's built on exactly the same wheelbase – and has the same exterior dimensions – as the 405 saloon.

The result? The 405 Estate simply looks and feels right. Instead of the clumsiness of so many estates, you can enjoy the handling and performance of a saloon car. The top-of-the-range

GTX 1.9 model, for instance, will take you from 0 to 60 (space permitting) in 9.9 seconds. Very bracing.

But if you're worried that all this may have been achieved by sacrificing load space, breathe easy. The 405 Estate isn't a hatchback pretending to be an estate. At nearly 58 cubic feet, the 405's load space is as generous as you could wish for in fact it's wider than that of any of its major competitors.

When it comes to equipment, you'll find the 405 offers as standard many features you'd pay extra for on other estates. There are still plenty of choices though. Between petrol and diesel engines for instance. Manual and automatic gearboxes. And between 4 different trim levels.

· Manager 第一個的企業

Mac

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But whatever your choice, you can be sure of one thing. You'll have bought an estate car and a driver's car.

All in one breath.



PEUGEOT 405 ESTATE

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ary,

# at SE role in Milbury collapse

By Alice Rawsthorn:

THE STOCK EXCHANGE-has been heavily criticised by a Government report into the collapse of Milbury, a property company controlled by Mr Jim Raper, the disgraced financier. The report, compiled by the Department of Trade and industry, is critical of the Stock Exchange's decision to allow Milbury to be relisted as a publicly quoted company in 1963 only three years after it had been suspended and Mr Raper had been described by the Takeover Panel as being unfit to run a public company. It calls for a review of the

running of the Committee on Quotations at the Stock Exchange and also of the rela- act for Milbury - for failing to tionship between the Exchange and the Takeover Panel. During the 1970s Mr Raper who is now wanted for questioning by the police in connec-

tion with the collapse of the Isle of Man Savings & Investments Bank - was one of the most infamous and flamboyant figures in London financial world.

But in 1983, after Mr Raper had acquired a substantial stake in the Westminster Property Group, the exchange decided that it had no option but to seek a reconciliation Mr Patrick Mitford-Slade, a partner in the Cazenove stock-broking firm and then deputy

chairman of the Exchange, began discussions with him. Mr Robin Stormonth-Darling. then chairman of Alexanders Laing & Cruickshank and joint chairman of the Committee on Quotations, also played a lead-As a result Milbury, one of

the companies controlled by Mr Raper, was relisted and took over Westminster. It also criticises the Exchange and Henry Ansbacher - the merchant bank it appointed to ensure that an independent non-executive director was appointed to the company's

The Stock Exchange said yesterday that it considers the decision to relist Milbury to be justified. It accepted, however, that it should have ensured that a non-executive was appointed. Ansbacher said that all the directors involved in the Milbury sage - including Lord Spens, who left last year after the Guinness scandal are no lorser with the hank.

### Tory MPs rally in child benefits row

Peter Riddell and Michael Cassell

Mr John Moore, the UK Social Security Secretary, yesterday won the support of most Conservative MPs for the Govern-. ment's decision to freeze child benefit and to concentrate extra help on lower income families with children.

The annual statement on social security uprating in the House of Commons yesterday was, however, strongly attacked by the opposition Labour Party and criticised by a minority of Conservative

The announcement on new benefit levels from next April. including the full inflation proofing of pensions, will be followed next Tuesday by the ... ally 100 per cent. autumn economic statement by Mr Nigel Lawson, the Chan- social services spokesman, cellor of the Exchequer. Details of next year's spending plans will be confirmed by the full

Cabinet that morning. The decision to target family support rather than to increase child benefit across-the-board will save the Treasury £133m

Mr Moore's political standing has taken a battering recently, since his department pressed. and falled, to secure an incresse in child benefit. But yesterday's performance may have helped for the time being. During more than 90 minutes of Commons exchanges Mr Moore's emphasis on target-ting was supported by most Tory MPs. However, the critica, including Sir Ian Gilmour, Mr Robert McCrindle and Mr Timothy Raison argued that it was a mistake to target family credit, where take-up was only fust over half the expected 60 per cent, rather than child benefft, where take-up was virtu-

Mr Robin Cook, Labour's claimed the Government was not committed to retaining the benefit, despite its pledge before the last election, and that it sought its "abolition by stealth".

Labour may use some of its

### BR attacked on plans for on-board Customs

By Kevin Brown, Transport Correspondent

BRITISH RAIL'S Channel Tunnel trains could turn into "drugs expresses" if the UK Government allows on-board Customs checks, two trade unions claimed yesterday. Officials of the National Union of Civil and Public Servants and the Civil and Public Services Association said onboard Customs "would put the health and welfare of Britain at risk for the sake of British Rail's timetables."

The unions, which represent Customs officers, say checks could only be carried out effectively in airline-style Customs

The unions saw Mr Peter Lilley, the Economic Secretary to the Treasury, yesterday to press for the reversal of plans to allow on-board checks on trains terminating north of

"We do not believe that the Customs controls that are exercised in a number of EC states are of the same level that we exercise in this country. They therefore will make us more vulnerable." Mr King said.

# Government hits | World Service changes its accent

Raymond Snoddy on BBC plans to alter the voice of Britain

BC World Service, to millions of listeners overseas the voice of Britain, is dropping or modifying many of its more strident signature tunes to give the service a more contemporary sound as part of a major restructuring. There will also be an increased commitment to financial reporting on the ser-

vice, which has 25m regular listeners around the world, with Financial News featured up to 10 times a day. But it will be the change in tone that will be most noticeable. From next week Imperial Echoes, the signature tune that introduces the long-running Radio News-

chimes of Big Ben and the "Lilliburlero"

theme at the beginning of news bulletins will remain trademarks of the World Service in English which has about 25m regular listeners around the world.

The sim is to replace the tone of deliberation, solemnity and officialdom with younger more relaxed voices but without losing any of the World Service's journalbile anthority.

"You can't have a network sounding 40

years out of date," Mr John Tusa, manag-

ing director of the World Service said Twelve new programmes are being reel, will be put through a synthesizer to introduced as a central part of what is described as " the most radical develop-ments in the history of the World Service modernise it. However, the familiar

A new daily comprehensive 60 minute survey of world news. Newshour, broadeast at 22.00 GMT, will be the flagship of the World Service.

Many of the changes have been made after detailed audience research. The research showed that typical listeners tend to be under 30, male, and well educated, are more likely to live in the developing world and tune in late at

Newshour's spot in the schedule was chosen because it was a good evening time for listeners in Europe and West Africa, breakfast time in South East Asia and the Far East, and a late afternoon slot

# Taxpayers could lose by Ordnance deal

By Paul Cheeseright and Charles Hodgson

BRITISH taxpayers could be sites without benefits accruing deprived of benefits from the to the taxpayer beyond the sale sale of the Royal Ordnance armaments factories to British Acrospace because the Ministry of Defence did not carry out up-to-date property valuations, the Public Accounts Committee of the House of Commons said yesterday. The all-party committee made specific reference to two Royal Ordnance sites, at Enfield and Waltham Abbey, in north and North East London respectively. It said it was concerned that BAe "could make a substantial gain on the sale or development of these prime

price paid by BAe." Mr Neil Kinnock, Labour leader, flercely criticised the Government's handling of the sale after reading the report. He alleged that BAs stood to make a "huge killing" from the sale of the two sites and asked Mrs Margaret Thatcher, the Prime Minister, what she intended to do to ensure the

reward" from the sale. Mrs Thatcher responded by noting that the independent Comptroller and Auditor General had concluded that compe-

taxpayer obtained the "full

tition for Royal Ordnance, recently-privatised armaments group, had been "sufficiently widely-based to secure the highest price available in the prevailing commercial cli-

BAe paid £190m in April 1967 to secure all the Royal Ordnance factories, except one in Leeds, in the North of England. Royal Ordnance had already decided to shut the plant at Waltham Abbey, in Essex. BAe decided soon after the takeover to close the plant at Enfield.

There has been much political controversy during the last two weeks about the price paid

against the D-Mark (DM per £)

There have been charges of asset-stripping in the light of the plant closures and the fact that the last time Enfield and Waltham Abbey were valued, in 1984, they were given a joint worth of £3.5m.

The Public Accounts Committee, on the basis of evidence it heard in December 1987, said it was concerned that the Ministry of Defence did not "obtain an alternative valuation of these sites based on the assumption that their redevelopment might be approved in the future.

# Treasury team swings into action

Peter Norman reports on a cautious response to good trade figures

Sterling

EPTEMBER'S better than expected British trade and current account figures had the Government's well-oiled damage control team quickly swinging into action. Whereas Treasury officials in recent months have been at pains to put the best possible gloss on indicators of rising inflation and overheating in the economy, their brief yesterday was to play down the fact that the current account last month was "only" £560m in deficit compared with most City forecasts of between

£1.3bn and £1.5bn. As sterling surged on the foreign exchange markets and share and gilt-edged stock; prices rallied, out came the familiar arguments about not taking one month's figures as a guide to long-term trends. There are indeed good rea-

sons to view the latest trade figures with some scepticism. The always volatile trade and current account figures have been unusually erratic this summer. Although still heavily own Commons time for a in deficit the September figures are a huge 21.6bn nearer to balance than the July's "shockers" which showed a current account deficit of £2.15bn and a visible trade deficit of £2.65bm.

In compensating for the effects of the postal strike, the Customs Statistical Office included export documents

BRITISH chief executives' cash

remuneration puts them in

11th place in the international

pay league, Michael Skapinker

reports. They rise to fourth

place, however, when perks

and long-term incentives are

taken into account, according

consultancy which published

the survey, said that these

rankings compared with 13th

TPF and C, the management

to a survey published today.

CURRENT ACCOUNT (Eba) Current balance trade belance

received two days after the normal closing date for the figmes and so might have added between £200m and £250m to Britain's export total last

September traditionally shows an improvement in the trade balance, suggesting that the Government's procedures for adjusting the figures to take account of seasonal changes might need some revi-

The figures also included a £275m jump in exports of oil and so-called "erratic" items. The big increase in sales abroad of oil, aircraft and precious stones last month cannot be extrapolated into the future as an indicator of Britain's export success.

and 8th places respectively a

The 20-country survey found that that the typical UK executive earned £90,000 in total

cash remuneration. This

includes basic pay and cash

bonuses. In Europe, only Swed-

ish chief executives (£65,000)

earned less. The highest paid

chief executives in the world

were in the US, with total cash

remuneration of £164.000.

October 1988 But in spite of all these caveats, yesterday's trade data did contain some good news. The most obvious was a sharp rise in British exports to £7.56bn last month from £6.75bn in August, while imports advanced only to £8.62bn from £8.56bp. This left a visible trade gap of £1.06bn last month compared with August's

3.12 17 18 19 20 21 24 25 28 27

Exports also rose strongly in volume terms over the past month, reversing the recent trend for a much faster rise in imports. Excluding erratics, the Department of Trade and Industry's figures show export volumes up by a seasonally adjusted 10.3 per cent in September compared with a 5 per cent rise in import volumes.

The DTI's volume figures show a steep 13.6 per cent seasonally adjusted increase in the sales abroad of manufactured goods last month. In particular, sales of chemicals jumped nearly 16 per cent in volume, while intermediate goods sales rose 13.4 per cent and capital goods sales were up almost 8 per cent. These statistics suggest that

British manufacturers are staying competitive in foreign markets and cashing in on what increasingly appears to be a worldwide investment boom. The figures support the optimism about export prospects that was apparent in the Confederation of British Industry's industrial trends survey. They also square with recent

government statistics showing a 7 per cent year on year increase in UK manufacturing production: and an especially strong 11 per cent growth in output of the investment goods industry. "The figures are a bit of a

dog's dinner," said Mr Peter Spencer, an economist with Shearson Lehman Hutton in London. "But even if you bend over backwards to take account of the special factors, they are still very encourag-However, it is too early to

declare that Britain's appetite for foreign made goods is anywhere near sated.

### Arab group urges tourism boycott

THE ARAB League yesterday urged Britain not to send its Tourism Minister to a controversial meeting of British travel agents in Jerusalem next week, and threatened boycott measures against companies taking part, writes Andrew Gowers.

The League, which groups 20 Arab states plus the Palestine Liberation Organisation, said the presence of Mr John Lee at

the annual convention of the Association of British Travel Agents "would represent a provocation to Arab and Islamic sentiments and could have negative repercussions for Arab-British interests." League officials said British

Government participation might be interpreted as condoning Israeli actions in the occupied West Bank and Gaza

### Minister confirms postponement of coal power plant

By Maurice Samuelson

MR CECIL PARKINSON. Energy Secretary, yesterday confirmed he had postponed calling a planning inquiry over a new coal-fired power station on the south coast of England because of uncertainty about its prospects after the electricity industry is privatised. His statement is bound to

fuel speculation whether the Central Electricity Generating Board's (CEGB) private successor companies will proceed with the two other coal-fired power stations it says are needed to meet growing power needs in the next decade. Mr Parkinson, in a written parliamentary answer, said the

CEGB felt it could not proceed

with the plant at Fawley. Hampshire, without assurances from the area electricity boards that they wanted its power. He was, therefore, giving it until May 1 1989, to decide whether to proceed with the application or withdraw it. Mr John Prescott, Labour's energy spokesman, said last night that if there was no demand for the Fawley coalfired power station while the application continued for a new pressurised water reactor (PWR) at Hinkley Point, in the

West of England "that would

be government discrimination against the coal industry in favour of nuclear power." Officials at the CEGB last night stood by their view that three coal plants would be needed for the 1990s. But their investment plans, published last February, had been overtaken by the privatisation policy paper which had raised several issues regarding the

structure of the industry and

the responsibilities of its vari-

ous sectors. "One of the main issues is that the CEGB's obligation to supply will be transferred to the 12 area electricity boards when they become distribution companies under the proposals. It will be for the distribution companies to decide whether they wish to contract for new power stations, and if so, where, what type, and

"The CEGB is, therefore, discussing with the area boards their future requirements for electricity supplies and for new coal-fired capacity. These discussions are part of the wider consideration of the consequences of privatisation including negotiations on the contracts for the existing stations, and this work is taking time."

# Plan to support optoelectronics

By Hugo Dixon

The UK Government is planning a research programme of up to £50m to support the UK's optoelectronic industry.

Optoelectronics, which includes lasers and fibre optics, is one of the few branches of electronics where the UK has a strong position in the world market.

The idea of the new research programme would be to help British companies maintain their position in this fast-expanding market, which is expected to be worth more than £7bn worldwide by 1990. Optoelectronics covers a wide field of technologies where light is used in electronic systems. There are plans to use the technologies in advanced computers and highdefinition television.

The Department of Trade &

Industry is at present examining various options for raising money to fund research into the area.

The first meeting of an optoelectronics committee, which will co-ordinate the Government's activities in the field, will take place pext week. There will be discussions with representatives from industry and universities on November

The new programme is partly a response to a report earlier this year by the Government's Advisory Council on Science and Technology which highlighted the importance of optoelectronics to the UK. One option for raising funds would be to divert to optoelectronics up to £20m which has been allocated for research into

certain types of advanced

### NatWest signs £15m deal with Reuters and BT

By Alan Cane

NATIONAL Westminster. leading commercial bank. announced yesterday it had signed letters of intent with Reuter and British Telecom for about £15m worth of equipment as part of a five-year, 11bn investment programme in information technology. Mr Stephen Westpfel, head of

technology at County NatWest, the bank's equities operation, "The selection of British

Telecom and Reuter anticipates a continuing need to manage change cost-effectively while providing competitive

NatWest is investing heavily in trading technology and is building one of the world's most-advanced electronic dealing room complexes in its new London premises. Reuter will provide NatWest

with the latest version of its dealing room information system, based entirely on computer technology rather than

the video system which currently predominates. The system is based on workstations made by Sun Microsystems of California. fastest-growing US computer

manufacturer. Sun workstations are more commonly used by scientists and engineers for elaborate calculations and simulations, but they are seen increasingly in US dealing rooms as brokers seek faster information and analyses. British Telecom will provide

a voice telephone system for the complex and the "dealerboards", computer-based systems which connect dealers instantly to their counterparts. The new building will house the bank's securities and treasury dealing operations and 685 dealer desks should be in position when the complex goes live in late 1989. By 1992, the building should accommodate between 900 and 1.050 dealing positions.

### Lord Young sets out principles of merger policy Nikki Tait outlines the Government's thinking on takeovers and competition.

UK executives rise in pay league

does not tie my hands in mak- trigger level for the OFT to to be able to buy materials and

road principles of UK marger policy, and certain recent referral decisions, were explained by Lord Young, Trade and Industry Secretary, at the Stock Exchange in London last night. A number of decisions have surprised the stock market recently, and prompted questions about Government policy. The Government, on the other hand, is understood to be concerned that certain misconceptions about merger policy have developed recently. Copies of the speech will be sent to 1,000 industrialists.

ered several broad areas of pol-First he tackled the main criteria for a reference. Lord Young said he believed that the basic policy which the Government had followed for a number of years had been correct; the main consideration in evaluating a merger for a reference to the Monopolies and Mergers Commission should be the potential effect on competition in the UK, he said. "My responsibilities are for

the UK not Europe nor the

wider world. I look at mergers

from the standpoint of the UK

restated as ensuring that UK

industry has sufficient choice

Speaking to an audience of

industrialists, Lord Young cov-

components it needs at the lowest possible prices and on the best possible terms." Lord Young added: "While competition will be the main consideration in my decision. whether to refer I still retain the power to make a reference on public interest grounds. Such cases are exceptional." On political decision-making he said: "There seems to be a belief that references are sometimes used as a political bolthole, and that decisions can beinfluenced by extensive - and

for the Director General of the Office of Pair Trading (OFT) to advise on whether a referral was required. "The decision is mine," Lord Young said, "but I would need very strong reasons to reject the Director General's advice." He said that since 1979 there had been only only nine occasions - out of a total of about 2,000 cases - that has adequate choice as the advice not be taken.

This is not how the system.

Discussing confidential guid- from elsewhere in Europe or ance he said: "In appropriate the world, apparently high cases, the OFT can give a confidential indication after concustomer. My concern can be sulting me of whether I would be likely or not to refer a particular merger. Such guidance

ing a substantive decision and look at the proposed deal, he is based on the limited evidence available at the time when the proposal is not public knowledge." About 30 requests for confidential guidance have been dealt with in 1988. Then Lord Young outlined

the criteria for defining the. market, citing a number of dif-ferent cases, concluding, "Markets vary. It is too simplistic to say merely that Europe ought to be the market against which -competition is judged. For some products or services the expensive - campaigns involv- market may be a single couning lobbying and advertising try... There are circumstances, as I have shown on one occasion (where) we might Lord Young said that it was have to take the whole world into account

"But in each and every case." it is the market that is judged and the effect on the customer is the test. If a merger is likely to lead to loss of choice and higher prices for the UK cuslows - where the UK customer shares of the UK market created by the merger will not necessarily lead to reference." The 25 per cent UK market

share test was no more than a

On the issue of international

competitiveness he said: "We certainly consider claims that a merger will increase efficiency and international competitiveness, but I have to say that all too often in the past the claims have not been borne out by results." Turning to EC merger regulation Lord Young recognised

that there have been suggestions that mergers policy is too parochial and that implementation at the European level will provide the ideal solution. But he contended. "I have already made it clear that mergers policy taken the European and international dimension into

"Merger control at the European level already exists in the form of articles 85 and 86 of the Treaty (of Rome), which cover competition. So the regulation, tomer, it will probably be if implemented, would be a referred. But the corollary fol- replacement rather than an addition." He said that because the Government did not know result of effective competition. whether this would be a better regime, that the UK had reserved its position on the principle of the regulation. He added that it continued to participate in working group dis-

regard leveraging on its own as a ground for reference; but there may be a case for referral if high leveraging combined with some other feature of the bid may have undesirable

Lord Young then turned to

several recent decisions. He

talked about the Nestle take-

over of Rowntree. There were no competition issues, said Lord Young. On public interest grounds - in particular, the reciprocity question - he added: "Reciprocity is a tricky concept... To have referred Nestie's bid simply because Nestle was effectively bidproof, would have sent a dangerously misleading signal to other countries about our attitude to inward investment and invited retaliation against UK investment abroad."

Discussing the BP/KIO stake he described this as an exceptional case, where the referral was on grounds wider than traditional competition ones. "The implications of BP coming under the influence or control of a Government which has substantial oil interests, and which is a member of the Opec cartel, raised issues of public interest which warranted investigation by the Monopo-Leveraged bids were another lies and Mergers Commission.

area on which he outlined his But even here there were policy. "I will not normally issues of competition in the widest sense."

Turning to RHM/Goodman Fielder Wattie, he said this was a leveraged bid, but the decision also reflected competition worries. "One of the markets affected by the proposed merger was bread which in the UK is both important and unusual. There are only two dominant producers, and this in itself can imply significant barriers to large-scale entry. The weakening of one of the producers could have a potentially serious effect on competi-

While the high leveraging of the bid would not normally, in itself, have been grounds from reference, the knock-on effect this could have had on competition was of sufficient concern to justify a reference." Finally he discussed Consoli-

dated Gold Fields/Minorco. "I considered that there was a case to answer - the merger raised competition issues The fact that titanium and zirco would account for only a

minute part of the group's activities was "not the test." "What must concern me is not the interests of either of the companies involved, or the samended following a report by new group, but the effect of the | a committee of representatives new arrangements on the consumer in the UK."

### Takeover watchdog curbs false victory claims in bid battles

By Michael Smith

The UK Takeover Panel yesterday published amendments to the City of London code on takeovers and mergers which are aimed at preventing companies making erroneous claims of victory after a bid

Its changes to the code follow the wrongful claim by Blue Circle, the cement company, earlier this year that it either owned or controlled more than 50 per cent of the shares Birmid Qualcast, the home products company, at the end of a contested takeover battle.

Blue Circle subsequently had to make a humiliating climb-It discovered that it did not

have the full documentation for one block of shares and had double-counted another block. The rules have been of the Takeover Panel, bankers, the London Stock

Exchange, lawyers and stockbrokers. Substantial amendments have been made to ensure that the risk of double-counting by the receiving agent is minim-

A new note ensures more stringent criteria are adopted for an offer which might become, or be declared, unconditional as to acceptances before the final closing date. Under Rule 10 of the code the bidding company's receiving agent, usually a bank, will be required to produce a certficate showing the number of acceptances received and of shares purchased by its client. At the closing date each of these must be accompanied by necessary documents to classify them as "up to registration standard."

Under certain circumstances the offeror's agent will also be able to request a delay in the announcement of the result of the bid battle.

n the week of the Birmingham Motor Show it would seem that prospects for the European motor industry could hardly be brighter. Every company is now making profits. The indus-try continues to run a large trade surplus with the rest of the world. The painful adjust-ments to capacity and employment necessary to restore profitability earlier in the 1980s are over. Indeed, the only problems appear to be the recent softening of sales and margins in North America and vague unease about what 1992 might

Unfortunately, there are some clouds on the horizon. Recent findings presented at the the International Motor Vehicle Programme's European Policy Forum indicate that there is some cause for concern about the competitiveness of the European motor industry in the 1990s.

 A worldwide survey of assembly plant performance indicates that the average Japanese plant in Japan can produce a car of comparable complexity and specification with half the human effort (both shop floor and managerial) needed in European-owned plants in Europe.

The Americans manage to do much better on average and the best American-owned plants in North America are now comparable in productivity to the average Japanese plant in Japan.

 The most recent J.D. Power and Associates survey of new car buyers in North America indicates that Japanese product quality is superior and continues to improve, that American product quality is catching up with remarkable speed, but that the European producers, already in third place, are standing still.

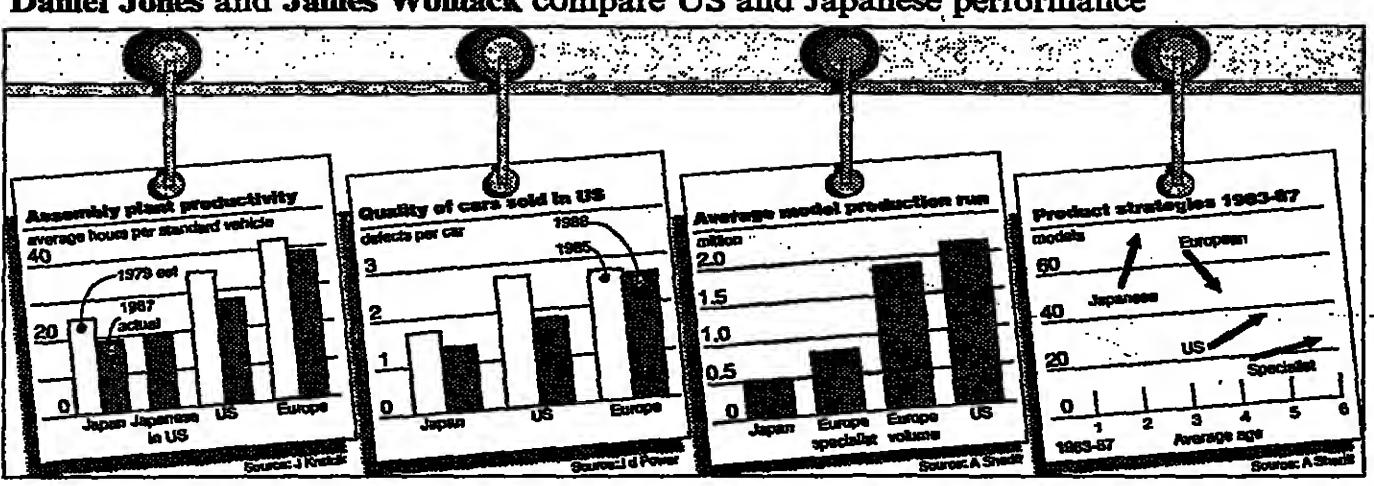
 The traditional superiority of European product technology is now under severe attack by the Japanese. The European "technology leaders" - Daimler-Benz and Volkswagen/Audi - are now spending only as much on R&D as the third ranking Japanese company, Honda, while Peugeot and Flat spend only as much as Mazda.

which is half their size. In the vital North American market the Japanese producers are now taking out twice as many patents as American firms and three times as many as the European producers. In addition, the Japanese seem to get the results of their R&D on to the market much more quickly - witness the plethora of new four-valve engines from

Speed to market is not sur-

# The real challenge facing the European motor industry

Daniel Jones and James Womack compare US and Japanese performance



prising when one compares product development systems. Professor Kim Clark and his colleagues at the Harvard Business School have found that the Japanese companies on average need 43 months to move a new product from paper concept to the consumer while the Europeans and the Americans need 62. Even worse. Clark estimates that the Japanese firms need only about half the engineering hours of the Europeans and the Americans to get the job

In the early 1990s Europe will face redoubled competition from Japan and from a rejuvenated American industry as well. The degree to which weaknesses are recognised and tackled now will determine the ability of the Europeans to

hold their own. Timely action can bring rapid results. Much can be learnt from the way the American producers have come to terms with Japanese competitors in their home market.

By the 1970s the American auto makers had fallen behind Japan on practically every competitive dimension - productivity, product quality, and responsiveness to the market. The American reaction to the flood of Japanese imports was to impose a "voluntary" quota but also, and much more significant, a relative openness to Japanese direct investment.

In consequence, the Japanese have opened or have under construction 11 North

American assembly plants (eight in the US and three

more in Canada). labelled the American approach foolish. The assembly plants were dismissed as 'screwdriver" operations and the Americans were ridiculed for bringing an overcapacity crisis on themselves as soon as these plants came on stream. However, five years later these warnings are not being borne

The opening of the first Japanese plants - Honda in Ohio. Nissan in Tennessee, and the GM/Toyota joint venture in California – quickly eliminated all "cultural" explanations of Japanese competitiveness. These plants showed that American workers and managers could produce cars with the same productivity and very nearly the same quality as

equivalent plants in Japan. Suddenly, with competition from across the road instead of half way round the world. many of the American-owned plants in the US began to improve rapidly as well. Indeed, one American company can now match Japanese productivity and very nearly equal Japanese quality. Significantly these productivity gains were made by reorganising the flow of work through the plant and not by massive investments in automated equip-

The Japanese have brought more than their screwdrivers to the US. The initial plants

opened with only about 30 per cent domestic content. This has rapidly increased to Many observers in Europe around 50 per cent and all of the companies are publicly committed to achieving around 75 per cent by the early 1990s. Also, most are making plans to export from the US to other markets including western Europe.

> This is not the result of US government requirements or even of the strong yen. Rather. the Japanese are rediscovering what the Americans found with their European manufacturing investments a half century earlier - that products need to be customised for regional markets and that designers and engineers need to be resident within those regions to do the job properly.

The Japanese are rapidly developing R&D capabilities in North America to produce North American versions of basic products in the early 1990s. By the mid-1990s it seems likely that they will be designing unique products specifically for North America. At the same time there should be a dramatic improvement in North American design and engineering systems as, once more, the competition locates just across the road.

If screwdrivers are giving way to top-to-bottom manufacturing, what about overcapacity? There may still be a "crisis" by the early 1990s in which the good capacity pushes out the bad, although some plants have already closed. However,

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a general increase in productivity will expand the market and is making volume exports possible for the first time in a generation. This means that achieving Japanese levels of productivity and consistent quality - while stressful -

will be easier than expected.

The Europeans have a breathing space until the early 1990s when the Japanese unveil the full range of new luxury models under development and finally take the investment plunge in Europe. European governments have the difficult task of striking the right balance between maintaining a European-owned auto industry and generating sufficient pressure to make sure the industry remains globally competitive and that European

consumers get a fair deal. The lessons from America indicate that a more liberal stance towards Japanese inward investment into Europe will ensure more rapid change towards world class techniques. Those who hide behind barriers of one kind or another will fall further and further behind those who learn to compete head on with the Japanese in their own back yard.

On the company level something more is needed. The greatest historic strength of the European industry has been product distinctiveness and diversity. This is in danger of being lost and must instead be re-emphasised. The European producers

have recently been pushing

production scale as their pri-mary method of reducing costs. Many still see mergers and further industry consolidation as essential means to this end, with efforts being hastened by the prospect of a unified market in 1992. The result is that the range of European products has actually been shrinking and ageing while the Japanese expand and retain the freshness of their ranges.

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When one looks at production volumes over the life of the model, the differences are truly striking the European "specialist" producers - Daim-ler Benz, BMW, Jaguer, Porsche, Volvo and Saab - are on average producing individual models in larger volumes than the Japanese mass market producers.

Yet the latter are still thought by many in Europe to be pursuing a "commodity" strategy to sell standardised products on the basis of low price and consistent quality.

The true strategy of the Japanese seems to be to push production volumes - both annually and during the life of a model - much lower than they already are and to offer a much wider range of models with an extraordinary range of technoldesign systems are already suited to the task of offering every consumer a product for

his or her exact needs. In Europe this threat is perceived by a few producers but responses seem to get bogged down in debates over model life. In fact, different product lives may be appropriate for different companies and different products. The real need is to devise a design and production system which can tailor products of whatever age to precise consumer desires, produce them in small lots, and respond rapidly to changing tastes.

This very approach has been the historic genius of the European auto industry. Fortunately, the skills are still there to do it if this strength is not lost sight of in strategising over 1992, an event which is much less important for the auto industry than facing up to the full logic of the Japanese challenge.

The authors are respectively European Director and Research Director of the International Motor Vehicle Programme, a four-year, 15-country study of the world motor vehicle industry co-ordinated by the Massachusetts Institute of Technology. The views presented here are those of the authors and not necessarily those of the programme or any of its spon-

# A European market for managers

Michael Skapinker on pay and mobility

hat effect will 1992 have on what Euro-peans are paid? Will managers in Manchester be able to obtain higher salaries by pointing to how much more their counterparts earn in Milan or Munich?

Philip Burnford of Hay Management Consultants says that there are no planned European legislative measures which would have a direct effect on pay and remuneration policy. "There are no directives and, as yet, no intention to harmon-

ise wages and salaries, pensions, social security, employment contracts or terms and conditions," he told the Institute of Personnel Management national conference in Harrogate yesterday. "So at one level, the legisla-

tive level, we can answer the question - 'what will 1992 mean for pay practices across Europe? - very simply: nothing. But at another level, that must be very different." In their search for the man-

agers of the future, companies will increasingly have to look beyond their own national frontiers. British companies have begun to worry about the drop in the number of graduates emerging from UK universities. In fact, the problem is much wider than that.

Burnford said that Olivetti has concluded that the total output of all Europe's universities is likely to be less than its requirements in certain key disciplines.

"Other companies, which traditionally have looked to their home academic institutions as their natural recruiting ground, are already looking more widely across Europe." In the 1990s, he predicted,

the university "milk round" will become increasingly international and competitive. And British graduates will probably be more peripatetic than those of other European countries. Continental companies will find British graduates attractive for several reasons. he

said. UK universities have a well-organised and accessible recruitment process. In addition, a relatively low proportion of the British population goes to university and the quality of graduates is correspondingly high.

British graduates speak English, of course - the inter-

national language of business. Many are also keen to work abroad, particularly in the early years of their career. Unlike their continental counterparts, most have already had one experience of moving away from their home town to attend university. Finally, salaries on offer in the UK are likely to be lower than in much

of the rest of Europe. But managers from other countries will be moving around far more too. Will their increased mobility result in greater uniformity of pay policy? To some extent, Burnford said, a gradual convergence is already starting to occur, notably in the area of linking pay to performance.

There are fields, such as international finance, where something approaching an international pay market already exists. In addition, organisations like Hanson, the industrial conglomerate, have begun to pay their top executives internationally competitive salaries. There are, however, still

large differences between countries - in the area of direct taxation, for example. Executives in the UK and France can expect to retain 62 per cent of their income after tax. In Denmark the figure is 32 per cent. in the short term, these differences are likely to persist, Burnford said. Eventually, however, "I am convinced that the single economy will force substantial elimination of the distorting effects of significantly different tax regimes, including the tax treatment of benefit programmes and gradual harmonisation of social security practices. I think this is far more likely to happen as a result of economic pressure than as an act of political will." He said that he did not think

it would require a great increase in managerial mobility before pressure began to grow for more uniform pay policies in Europe. Companies moving their managers around would become more aware of the differences - and so would the managers.

"Some time before the end of this century we will have the European company," he said "Its pay policies, like all its people policies, won't take nationality into account, nor will its reward policies recognise national markets.

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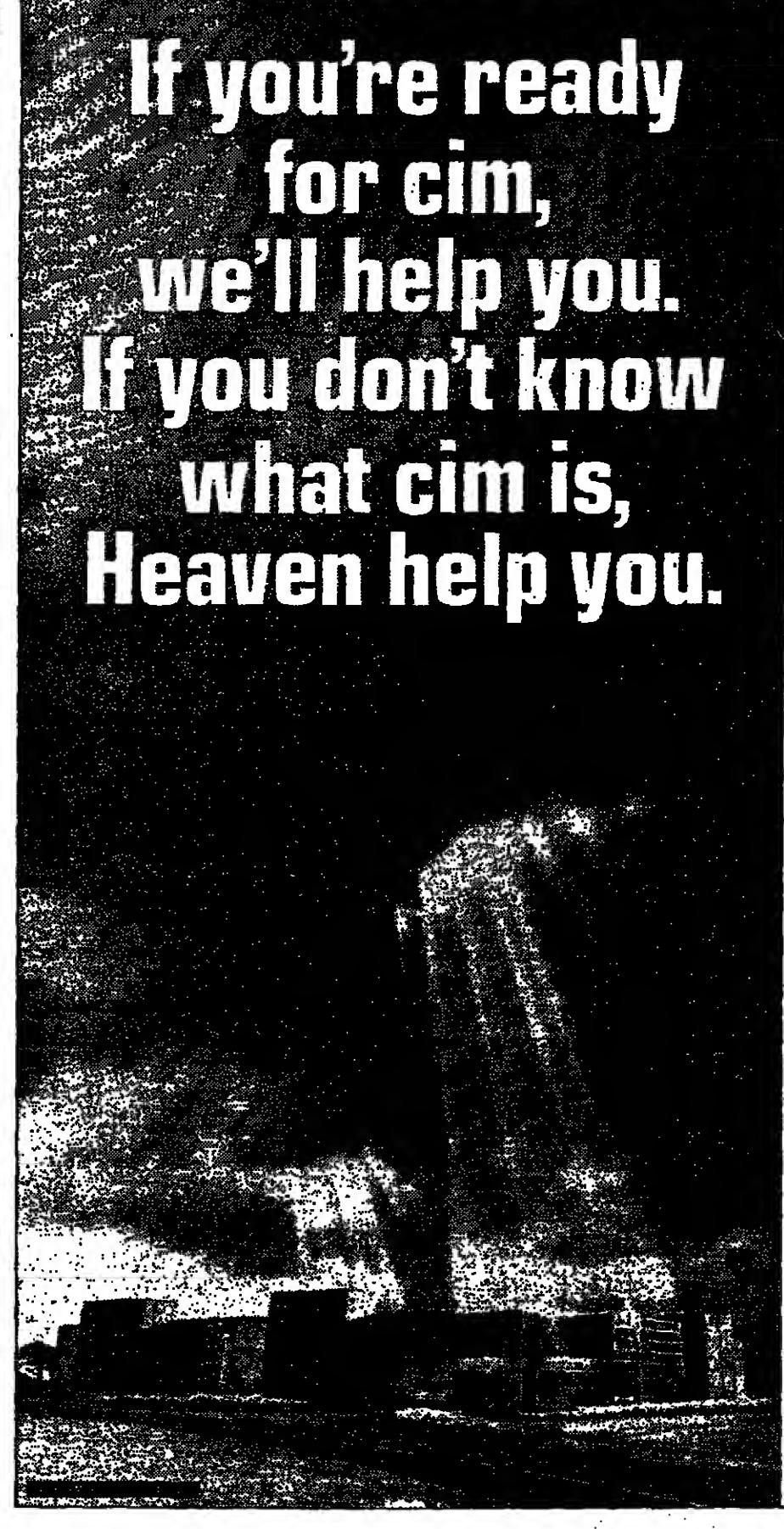
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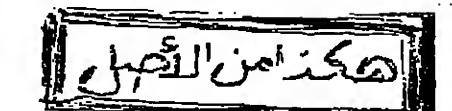
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Economic trends in .... the region look good. Unemployment is down. More new

businesses are being formed. Inward investors have

been moving in. But, reports lan

Hamilton Fazey, the statistics mask

a fragility, which requires sustained

growth and local effort to overcome

# to the feet

DR JOHN BRIDGE of the Northern Development Company (NDC) likens the workings of the UK economy to the human circulation system. London and the South-East comprise the heart, pumping oxygenated blood to other

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regions. Thus north-east England, which accounts for about 5 per cent of gross domestic product. is equivalent to a lower leg. with Tyne and Wear - the most populous county with 1.14m people - acting as a foot Blood supply is crucial to prevent the toes dropping off. "The economy may be overheating in the south, but it's certainly not overheating up here," Dr Bridge says. "We cannot stand alone. We account for too small a propertion of GDP to function as a free-standing economic unit. We are not like the North-West, which contributes 11 per cent, or Yorkshire and Humberside, with 9 per cent.

"We are largely dependent on what happens nationally. The best thing that can happen to us is five or six more years of sustained growth in the national economy, particularly in the South-Rast.

In other words, Type and

Wear needs a lot more of what the Government has been calling "the ripple effect" - the spread of the southern boom northwards.

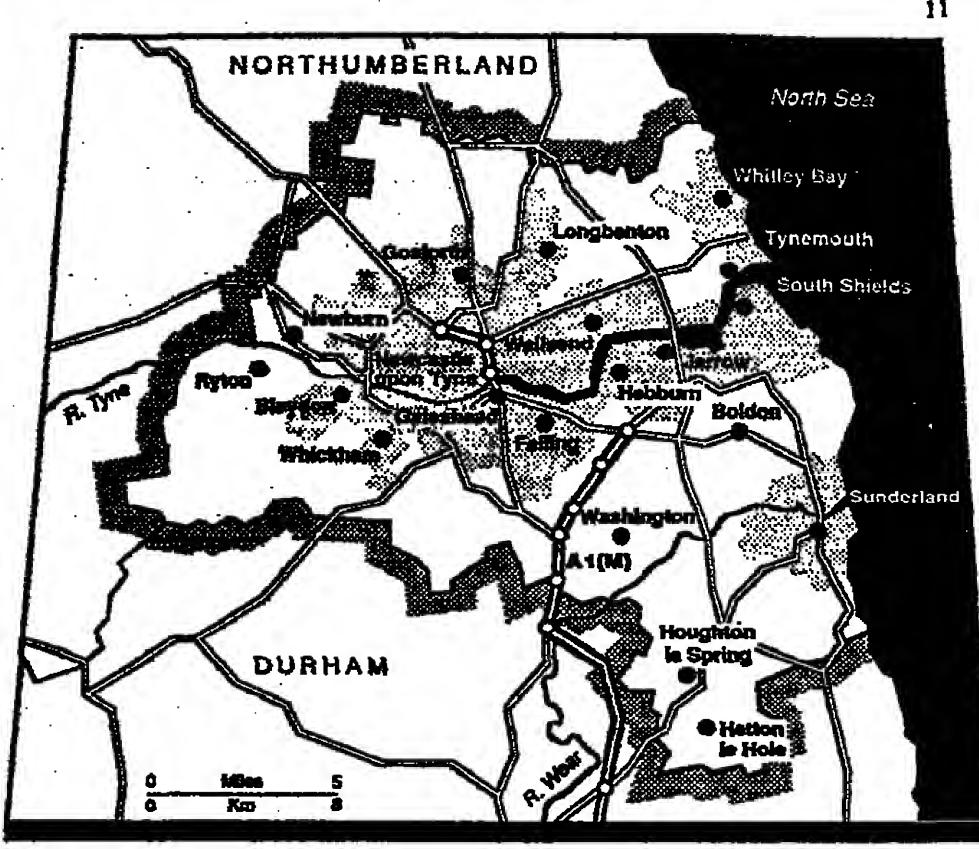
The trends in the North-Best look good at present and the Government has been talking them up. Unemployment is down, increasingly more new businesses are being formed, inward investors have been moving in, Ministers have continued to open factories and point to the area's nascent enterprise culture.

But there is a fragility to all this and the statistics are none too reassuring, especially as they are being grouped together in such a way as to paint a far rocker picture than really exists.

Take unemployment, one of the main indicators of the success or otherwise of Government economic policy. The September statistics show the rate to be 11.8 per cent in the north, 2 percentage points better than last year, with nearly 30,000 fewer claimants. But the figures are for what

the Government defines as "the standard North" and this consists of the North-east the counties of Type and West. Northumberland, Durham and





# Iyne and wear

Cleveland - plus the northwestern county of Cumbria. There is a logic in this, for the part of Cumbria porth of Shap Fell and Penrith looks to Newcastle as its nearest big metropolitan centre. But the south of the county looks to Manchester, where the regional offices of the Departments of the Environment and Trade and Industry confuse matters even further by claiming Cumbria as theirs.

Cumbrie's unemployment rate has been in single figures and falling for more than a year now. The latest figure for Type and Wear is 14.6 per cent. It does have a single figure rate - among women, where a substantial drift towards the part-time feminisation of the overall workforce - into early evening retail jobs, for example - has reduced it to 9 per cent.

> There is no deception in the way the Government collects and presents its statistics, of course, merely selectively unbalanced presentation. A similar misunderstanding of Tyne and Wear's economic health was encouraged by the latest VAT registration figures, published in August.

Among men, the rate is 18.8

These indicate the rate at which new businesses are being formed. The Department of Employment's press notice stated correctly that the net gain in VAT registrations in the north during 1980-86 was 9.4 per cent and that in some sectors the increase was greater than the figure for the UK as a whole.

This is the sort of easily digestible anippet of news that finds its way unquestioned into TV and radio news bulletins or the business pages of popular newspapers. Four pages into the small print of the figures themselves was the northern breakdown - Cleveland up 15 per cent, Cumbria 8 per cent, Durham 9 per cent, Northumberland 10 per cent and Tyne and Wear 2 per cent. Yet the total gain in the

region was only 5,000 businesses in the seven years, compared with nearly 80,000 (plus 19 per cent) in the South-East and 14,000 (plus 13 per cent) in the West Midlands. The percentage figures underline the extent to which the northern regional economy is lagging the south and midlands, and the absolute figure gives away the woefully small base it was starting from.

Indeed, Type and Wear lost businesses in four out of ten industrial sectors. It had a very big gain - a 61 per cent increase in motor trades foilowing the arrival of Nissan but even its increases in finan-cial and professional services (41 per cent) and unclassified. mainly small businesses (29) per cent) lagged behind the

rest of the region. Mr Jeremy Beecham, lander of the Labour-controlled Newcastle City Council points, out that 24,000 jobs have been lost in the last seven years. He sets this figure against the 3.000 jobs which the Type and Wear Development Corporation the Government's new regenerator for the area - hopes to help create in the next three. He says: "This has not been

such a wonderful year for jobs. There has not been a tremendous upturn. The closure of Marconi in Gateshead, for example, put another 450 people out of work." This week the threat of clo-

sure of North East Shipbuilders in Sunderland was confirmed - with 2,000 jobs at risk. One theory behind not painting the picture as bad as it really is is that it improves morale. This view is supported by people such as Mr John Hall of Cameron Hall, developer of the Gateshead Metrocentre, the largest retail complex of its kind in Europe. Mr Hall believes that things are really changing for the better and it is therefore important to concentrate on good news and encourage the change to happen faster.

The argument is that reinforcing the North-East's image as a dependent economy and all that goes with it - branch factories, large employers, few small businesses, a shortage of entrepreneurial managers does little to build up "can-do" attitudes and salf-help.

However, although the conflict is the age-old one of propaganda versus truth, the truth has some very positive aspects to it too. Telling the whole story, particularly as it has developed in the last 12 months, may well serve the agents of change best. Dr Bridge says: "Vacancies

are rising substantially - year on year they are 20 per cent un. There was also a 50 per cent fall in the number of notified redundancies in 1987-88. This means that the unemployment trend has probably botLett, the Tyre and Swing bridges, Newcastle upon Tyre.

"There is also continuing structural change. In 1975 onethird of the manufacturing workforce was employed by 10 organisations. In 1988, those same organisations employ only 6 per cent of the workforce. To get where we are today has been a miracle. We are just beginning to turn the corner. It has been a 13-year progression from a monolithic structure to the beginnings of an entrepreneurial one."

The NDC has emerged importantly in the last 12 months. It nearly went down when its first chief executive quit suddenly last year for family reasons only months after its launch.

Dr Bridge, who was posched back to Tyneside to head it from the chief executive's job at the Yorkshire and Humberside Development Association. has been the key factor in saving the body, a joint venture between public and private sectors whose leaders had in the past been more noted for their fallings-out than working together. In its first 12 months the

NDC pulled in a record 4,000 jobs through inward investment from abroad, which was better than elsewhere in England, slightly less than Wales but ahead of Scotland. The latter two countries have Government-funded development agencies to help, a sore point in many English regions. The figure was well over 2,000 in first six months of this

year, but perhaps more important is that Dr Bridge set up a UK desk in February to to try persuade south-eastern companies northwards. So far there have been 100 serious inquiries, 60 presentations and eight companies have moved, creating 700 jobs. Southern problems of skill shortages, finding and retaining labour, high overheads, congestion, poor distribution, bad deliveries, and problematic component sourcing are adding to northern attractions of space, good communications, low costs, and labour that is readily

available, trainable and stable. Dr Bridge says: "A lot of our problems can be put down to sheer lack of confidence in ourselves. Confidence is a very nebulous thing and what we have now is fragile. Economic regeneration is a bit like build-Continued on page 4

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Industry: a strong come-back by traditional industries Northern Development Company: new-found cohesion gives region one voice Research: biotechology to the

Retail sales: modern centres pull the crowda Garden Festival: tree trail to Gateshead

The Newcastle initiative: promoting a wider vision Development Corporation: a restrained start

# A £14 BILLION WORTH OF BRAND NEW INVESTMENT PUTS US IN THE PINK.

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ALTHOUGH there may yet be more redundancies around the corner, these are likely to be only a fraction of what they have been in recent years. Generally, business in Tyne and Wear is booming for a large number of companies. Established businesses, many still in traditional industries, have

come back strongly. Northern Engineering Industries, the largest company in Tyne and Wear, is an example of the old guard enjoying a resurgence following a painful two-year £75m restructuring. NEI employs 8,000 people on Tyneside and operates worldwide and has, this year, seen a striking turnround in the state of its order book.

A contract for turbine generators for Irag, worth £75m, a £23m power plant for an aluminium smelter in Bahrain, while at home a £50m order for the Fasiane submarine base on the Clyde. Mr Terry Harrison, NEI's chairman, says he is heartened by the progress: "In the first half of the year our order intake was substantially up on the same period in 1987 and since June we have won several more significant contracts. With our reduced overheads and greater efficiency this will lead to improved profits in the future."

The area's traditional prowess in heavy engineering is playing a major role in the offshore industry, a sector in

WITH MAJOR pharmaceutical

and chemical manufacturing

companies like ICI, Boots,

Glaxo and Sterling Organics in

the region, it is not surprising

that much of the research car-

ried out by both industry and

the academic institutions tends

to be in the field of biotechnol-

collaborative venture between

industry and academia, the

HESIN project (Higher Educa-

tion Support for Industry in

the North) - involving the

region's two universities and

three polytechnics - chose

biotechnology as its first proj-

ect. However, the work of the

Surface Engineering Group at

Newcastle Polytechnic is

attracting attention. A new

application currently being

researched at Newcastle Poly-

technic is the coating of metals

cially hip replacements.

Indeed, the region's major

Many traditional local industries have staged . . .

# A strong come-back

which more than 500 local companies are involved. The module building yards of Press Offshore Systems on the lower reaches of the Tyne are the largest in Britain and arguably the most successful. Chariton Leslie is another established Tyneside company that has adapted to the stringent demands of the offshore mar-

Another familiar name is Vickers. Now a much slimmed down Vickers Defence Systems, the company has recently surprised itself, as well as other people, with its success in securing commercial orders to bridge the gap in defence work. An extra 48 workers have been taken on to

The Bonas Machine Company might not be a household name. Firms in the precision machine business rarely are, but it is a classic example of living to fight another day. Facing near liquidation only two years ago, the company is today a European leader in its

A young high-tech company in a hurry to take on the Amer-

icans is Newcastle-based NE Electronics. A manufacturer of control systems, it has entered into a joint venture with one of its major customers, Newing Hall, to buy American engraving company Domitaux, of Toleda, as the quickest means of entering the US market.

One company that has come a long way from its origins is Mari. Founded originally by Newcastle University, the city's Polytechnic, the City Council and the, now defunct, Type and Wear County Council, Mari (The Microprocessor Applications Research Institute) was set up to do exactly what it name implied. Today, it is a vastly different organisation engaged in a variety of commercial activities, with a turnover last year of £6m and looking for around £7.5m for the year ending next March. Earlier in the year it opened an

office in London Docklands. The company operates in three broad sectors, consultancy, manufacturing and training. CSR, the consultancy and research arm develops software for other companies and provides consultancy on a Now everyone is wearing it

wide basis, including strategic counselling. Mari Advanced Systems, the manufacturing operation has three factories, two in Sunderland and one in Newcastle, with products ranging from PCs to powerful multi-use machines.

No company in the UK has done more to take the bakery business up- market than Greggs. Bread now accounts for a mere 20 per cent of output and only 10 per cent of that is sliced. The move into value added bakery products is paying off with the amnouncement of a 42 per cent increase in pre-tax profits up to June this year. Turnover is up from £28.02m to £30.66m. The company has 380 outlets nationwide and a sum of £5m has been set aside for further acquisitions.

Outdoor and leisure clothing is a booming sector and three local firms, one old established and two fairly new, are making their mark. There was a time when waxed cotton outdoor wear was a specialised market and Barbour, of South Shields, was the leading name in it.

and countless firms are making it. Barbour has, however, fought the competition with considerable success.

Berghaus, starting from a single sports goods shop in Newcestle in the 1960s now provides nearly 500 jobs at its Washington factory. Winner this year of a Queens Award for Export Achievement, the company has just agreed a £2m funding package with 3i to finance further expansion.

With Nissan boosting output at its Sunderland factory ahead of schedule - this month it began exporting Bluebird cars to nine European countries it is now advertising for another 150 workers, bringing the total workforce to 2,000 by the end of the year. This can only be good news for firms in Type and Wear supplying the Sunderland plant.

These include SP Tyres at Washington, the factory bought from Dunlop by Sumotomo Rubber Industries in 1985. Of the 2,500,000 tyres produced every year 50 per cent go to Nissan. The remainder go to General Motors, Ford and Austin Rover, with 10 per cent being exported. Over the past three years £7m has been invested in the plant making it the most efficient of all SP's European operations. It is planned to invest £2m annually for the next few years.

and a wide range of service

able to operate at much higher

temperatures than previously.

is expected to lead to many

Seeking to strengthen the

links between the local aca-

demic institutions and indus-

try and promote the transfer of

technology, the Tyne and Wear

Development Corporation is to

establish a 50,000 sq ft science

park on a site adjacent to New-

castle city centre and close to

both the University and the

Polytechnic. The TWDC says

that if the North-East is to get

back to competing with other

regions such a park is essential

and it will be looking for com-

new industrial products.

Ewart Mano

work Last year NEI spent £24m on its own research and investment to the region. development. The Department of Trade and Industry is contributing £300,000 over three years to NEI-IRD to help establish an Engineering Superconductivity Club to assist British industry to exploit a new superconducting material now being developed which, being

> He found radical change in attitude in the North-East in general and Type and Wear in particular compared with three years ago. He says: "All at once we find that agencies and individuals are prepared to walk together in the same

The two main roles of NDC are seen as co-ordination and facilitation - the bringing together of the various agencies and then, as an organisation, creating ideas and ment. One of its first projects has been the setting up of a Regional Procurement Office - the first in Britain - aimed at securing a greater share of contract work for local compa-Ewart Mann | nies.

### Northern Development Company

Recy Atkinson, NDC cheirman

found

The NDC is also in the pro-

cess of setting up a Northern

Offshore Federation. The

region has some 520 companies

involved in the offshore mar-

ket, and many of them are in

Type and Wear, But a number

of the smaller companies feel a

need to get together in joint

ventures to hid for sub-con-

tract work from major compa-

mes in the industry. The NDC

has done the ground work of

setting up the new organisa-

tion and now it has been

handed over to the industry to.

This was not the first opera-

tion of its kind. Nearly a year.

ago, the NDC established the

with a similar objective. "We

see that as a model for other

sectors. It is our contribution

to encouraging small firm

ing and better information." Dr

fund, known as Northern

Enterprises. The fand, which

has the backing of British

Shipbuikters Enterprises and

the City Action Team, is

ing sums of less than 250,980.

designed to support firms need-

The monitoring and

The William State of the second secon

Bridge explains.

Development Company has not only survived its first two years, including the shock resignation, for family reasons, of Mr Martin Easteal its first chief executive, within months of taking up his post, but it is unifying the region in a way which its predecessor, the North of England Development Council, never quite managed.

Although established to allow the North-East to speak with one voice, the NEDC was blighted by local political infighting. So bad did this become that four years ago the government threatened to halt Whitehall funding unless the

region put its house in order.
This metaphorical banging together of heads had the desired effect and a variety of different bodies who had previously insisted on doing their own thing suddenly began talking to one another. The end result was the NDC in which local authorities including the Northern Region Councils Association, which had previously refused to have anything to do with the NEDC - trade unions and the CBI

are all working together. This new-found cohesion is in no small measure due to Mr Rezy Atkinson, NDC's chairman . A widely-respected northern regional director of the DII until his retirement, Mr Atkinson had been closely identified with strenuous attempts to attract job-creating

Another significant factor was the arrival of Dr John Bridge as chief executive at the beginning of this year. Dr Bridge knew the area well, having previously worked for the NEDC before leaving for a post in South Yorkshire and Rumberside some three years earlier.

direction at the same time."

vehicles for economic develop-

appraisal costs of that size of loan are so high that often conventional sources of finance are not interested. Hopefully, if our scheme is a success, one or two institutions may come alongside and heip." Or Bridge

The NOC is also now seen as the region's sole agency for inward investment. Nearly 4,000 new jobs involving around £32km in capital investment have been created over the past year making the North-East second only to Wales as the most successful region in Britain in terms of attracting inward investment. The NDC has continued to

target Japan - the North-East now has 22 Japanese owned companies - and new arrivals from there in support of Nissur. and the electronics sector, include Ikidi Hoover at Washington, and Mitsumi at Jarrow." A new source of inward investment, not previously looked at, has been other parts of the UK. This has always been something of a shadowy area, with no one quite sure what the benefits are of moving industry sround the UK," admits Dr Bridge. During the past six months there has been a substantial increase in enquiries from companies in the South. South-East and Lorsdon, all complaining of increased wage costs, how skilllevels, high labour mobility and soaring hand costs. Eight moves have already taken

place creating 700 jobs. A significant element of these enquiries is that they are genuine relocations rather than branch factory expensions as was usual in the past. Civil service dispersal is thought to be a more fruitful

On the European front, the NDC has not only beloed to persuade the EC to set up its third provincial information centre in Newcastle - the oth-Northern Software Federation ers are in Glasgow and Birmingham - but has secured provisional agreement with Brussels for an EC regional office in the city.

growth through befter market. Dr Bridge sees the coming year as largely one of consolidation. He sees the Regional The NIXC's latest venture in Procurement Office as being support of the small firm sec- especially exciting believing it tor was the unveiling last will have the potential for month of a small firms loan beinging £190m. £150m in new orders to the region every year. in the long term, he stresses that at least three or four years of further steady national growth mes tracist for the econumber revived of the region.

### INDUSTRIAL RESEARCH

# Biotech to the fore

and agronomists to study over-

all land use. In what might sound an appropriate undertaking Newcastle disease has been successfully cloned. Better known as Fowl Pest, the work is being funded by the British Technology Group, with the support of the Poultry Research Centre. The University's Department of Agriculture has a number of research projects ranging from sub-sea ploughs to work on degradable lubricants, another project of special interest to the oil companies.

for surgical implants, espe-The path for the transfer of technology from the laboratory bench to the production line is Newcastle University's civil engineering department is not always smooth. Sunderworking on the use of anaeroland Polytechnic's Department of Mechanical Engineering has bic digesters that can be installed at the factory exit to developed a low-cost autocope with industrial waste. The mated vision tester for periphcentre for land use and water eral field and binocular vision resources has brought together and is considered to be invaluable in spotting both glaucoma a variety of disciplines, includand tunnel vision at an early

Although the project has aroused interest in eye hospitals and among opticians, and is considered to have important applications in Third World countries, it is not proving easy to find a company willing to take it forward into the market place.

Such a situation is not all that unusual according to Michael Forster, chief executive of the Newcastle Technology Centre, who says it is very difficult getting British industry to develop new technology. although European competitors are often quite willing to do so.

The Newcastle Technology Centre, set up in 1985 was chosen as one of the first of the government-backed regional technology centres and subsequently it launched the DTIsupported Techsearch, a scheme to trawl worldwide for

licensing opportunities for smaller companies. Sixty firms now belong to the scheme. Emphasis is laid upon market-led projects.

Although most of the

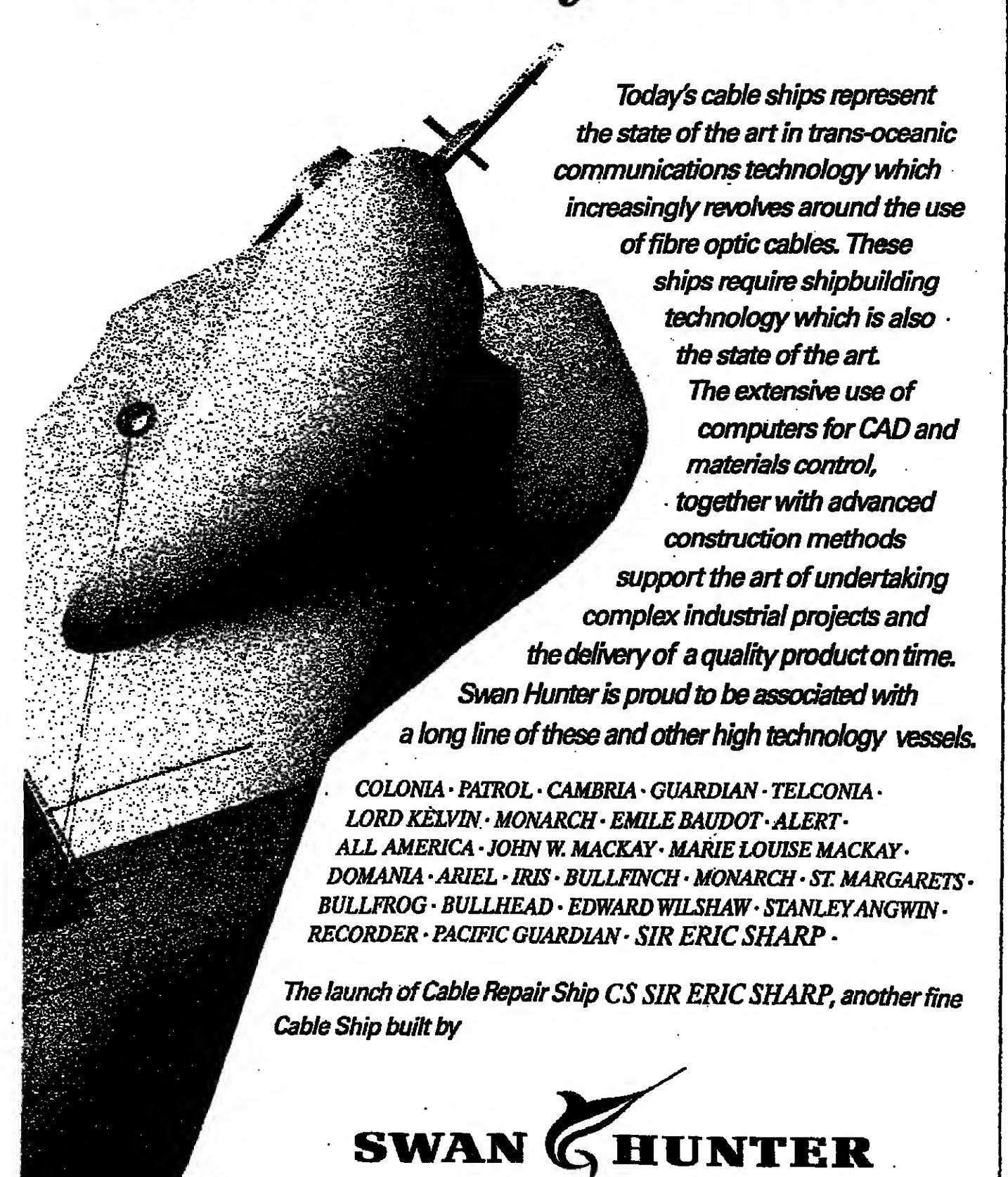
research originates in the academic institutions, some is carried out in the commercial sector, notably by the International Research and Development subsidiary of Northern Engineering Industries based in Newcastle. Around 450 people are employed at NEI-IRD, of whom about half are engaged on contract development for a wide variety of outside organisations, including the Ministry of Defence, the CEGB, British Steel, the National Nuclear Corporation and many indus-

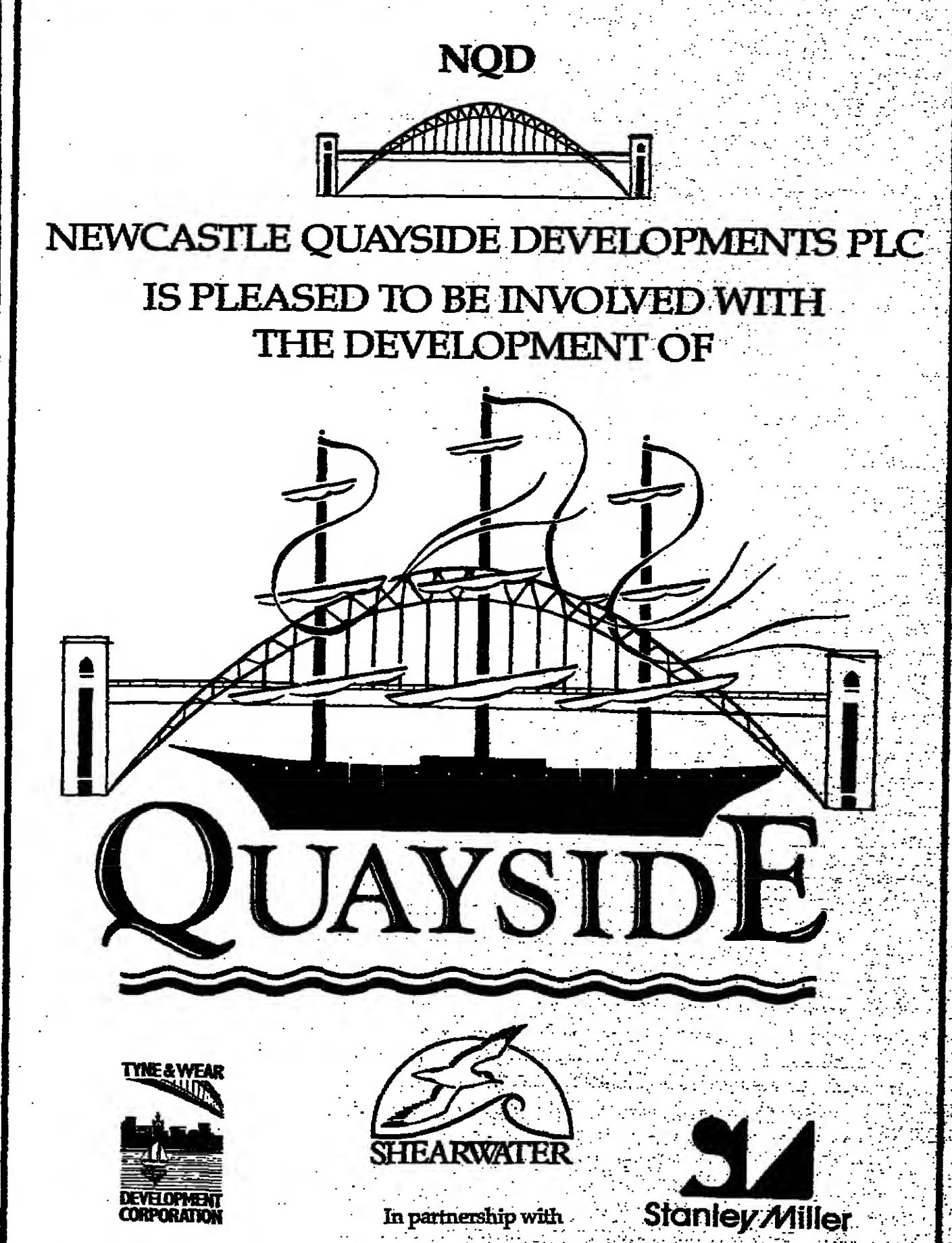
Much of this work is in the field of electrical, electronic and mechanical engineering. but also includes materials development, physical sciences

trial companies.

panies who want to tap into the academic research taking place in the city.

# The State of the Art





m-

# Big centres pull the crowds

Typocide has provided the

major factors in domestic bud-gets farther south, is low, leaving a relatively high proportion of income for discretionary

The retail scene is dominated by the two major shopping complexes - Newcastle's Eldon Squam and the Metro-Centre at Gatesbead. The latter hailed as the largest shopping centre in Europe.
The advent of MetroCentre,

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ETTE OF THE L

the city.

the £185m brain-child of highly extravert Tynesider, Mr John Hall, led to predictions of an early demise for Eldon Square, jointly owned by Capital and Countries, the Shell pension fund and the City Council. The effect was certainly felt,

as Mr Gordon Allinson, Eldon Square menager, admits, but nothing like so severely as had been anticipated. "We have lost about 5 per cent overall to Metro," he says. "But that's only about a third of what we expected to lose." He points to the experience

of one of Eldon's major stores, the John Lewis Partnership -3 per cent down in the first year of MatraCautze, 8 per cent up in the next, shead of the national average.

Shops in Newcastle recion to be doing well because of the large catchment area they serve. The spend per shopper is sailing. Mr Woodman admits not all that high, but with 3m that many of the firms moving people within one hour's travel and 5m. within 2 hours, there are more of them. And as the only major shopping centre between Leeds and Edinburgh, Newcastle's retail trade is the main beneficiary.

Ratall success in the centreof Newcastie is all about position. Shops on prime sites in Eldon Square, or outside in Northumberland Street may be booming, but a few hundred yards away they are closing down through lack of trade. Barely 50 yards from Eldon, Newgate Shopping Centre, also a Capital and Counties vanture, has never been a success since it opened nearly byenly

The crucial importance of position is reflected in rentals. For good sites rents in the city centre are on a par with other comparable regional centres," says Mr Ken Coulson, of property consultants, Chester-

A £15m retail development by London-based\_Greycoat Shopping Centres, linking into Eldon Square by a two-level bridge over a main city thoroughfare, is planned to open in the Spring, 1989.

Seven minutes away by shut-tle bus, MetroCentre does not see itself as being directly in



Edon Square shopping pentre, Newcastle: payring a wide area

competition with Newcastle city centre, but rather more as a leisure experience, according Mr Ron Woodman, Metro-Centre's marketing manager,

"We have three hundred shops open late every night, plus the ten-screen AMC cinema open until midnight. All this without any graffiti, or lay-abouts. Women feel perfectly safe to shop here any hour of the day or evening," he

He points to the fleets of week incredible distances, One coachload has come from as far away as Cheltenham.

But it has not all been plain into MetroCentre in phase two - the main phase - were fer from happy with the first year's trading But he claims that things have improved significantly during the second veer - MetroCentre celebrated its second birthday on October

Mr Ken Conlegg of Chesterton, managing agents for the Church Commissioners who own the freshold, says that many-firms expected too much in the first year.

Mr Coulson stresses the dedicated support the Church Commissioners are giving to Metro-Centre, making film a year available for promotional activ-

Meanwhile, Mr Woodman has a string of fleures to support his assertion that Metro-Centre is coming right. Parking statistics show 40,000 more cars are now visiting the complex each week compared with the same period last year - 76 per cent of people arrive by

The weekly average number passing through the malls and is claimed to have gone higher since. The record number of shoppers to date was on

reached 288,900 people between November 1987 and April 1988 Saturday, November 28, last ON THE DISTRICTIONS OF CAPE INDUSTRIES PLC

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average, 2200 a bend when they visit MetroCentre compared with an average domestic spend of 234 a head. Another festing of the boom

ing retail acene in Type and Wear is the appearance of ple of miles away, on the long established Team Valley Trad-Properties is developing a 220m

Texas, Comet, Dallas and MFL Others said to be showing include British Shoe Corpora-tion, Carpetland, Allied Pur-nishers, Stork Babywear and

That said, most shoppers in Type and Wear appear to remain loyal to their local occ-tre for daily, weekly and even monthly needs, with Metro-Centre being reserved for special visits. Some local shopping. venues have covered malls, such as North Shields, owned by CIN Properties, and Washington Galleries, recently acquired by Postel, but most are open. At Sunderland, which has 28 per cent of Tyne and War unemployment, the council has undertaken a major shopping development tial support to major up-grad-ing of the town's central shopping area to meet the needs of

Ewart Mann

### GARDEN FESTIVAL

# Tree trail to Gateshead

ACCORDING TO Mr David Copeland, executive director of NGF 90, the company set up to build and operate the 1990 Gateshead Garden Festival, preparations are as far advanced as any of the three previous garden festivals were at this stage in their planning. The bulk of the tree planting will be done this winter, he says, in order to ensure a mature look by the 18 May 1990

year, when 253 private coaches poured into the car parks.

MetroCentre is succeeding,

cisins Mr Woodman, although

he agrees with a number of

traders who complain that the

pettern is too much one of

peaks and troughs. A promo-

tional campaign has just been launched in Scandinavia.

whose nationals spend, on

These facts indicate that

when the festival opens. With a gress area of 200 acres, the Festival will cover four main locations, including an area of riverside. Excluding car and coach parks, roads and a monorail leaves around 120 acres, of which some 40 acres are being planted or land formed.

It is intended there will be more than fifty themed gardens and, during the five months of the festival - closing day is 21 October - there will be a score of flower shows and gardening displays.

As with the previous garden festivals, events will play a major part. There will be a covered arena with seating for two thousand people. If a sponsor can be found this will remain as a permanent feature, if not it will be a temporary struc-ture. There will also be an amphitheatre for outdoor

There will be a series of six or eight funfair rides, although these will be confined to a special area with access independent of the Garden Festival. This will enable the funfair to

remain open later in the even-ing than the main event.

A major horticultural fea-ture will be a tree trail

mounted in conjunction with

the Royal Botanical Gardens.

Trees of importance, both ecological and economic will on show. Most will be trees of the temperate zones of the world but, in order to provide as complete a world picture as possible, some tropical species will be seen under glass.

Three horticultural halls will total 2,000 square metres and there will be a Festival farm. 'An early sponsor is British Coal which is promoting a wildlife conservation feature. This will be managed by Bellamy Associates, headed by Dr. David Bellamy.

A Pavilion of Northern Excellence will provide microcosm of the region's industry, with special empha-

Getting around the scattered site will be made easier by the use of road trains, a narrow gauge steam railway, trams from Newcastle, Gateshead and Sunderland restored and painted in their original livery and a monorall.

Total capital cost of the Gaisshead Garden Festival is not yet known, much depending upon the degree of sponsorship from the private sector. So far, interest there appears to be slight and the organisers have a major promotional job to do. What is known is the finan-

cial input by the public sector - £33m in the form of derelict land grants and assistance by central and local government. Based upon an anticipated three to four million visits, representing something over two million visitors, Mr. Copeland says he is confident that the event will break even on reve-nue account, likely to be some-

where in the region of £8m. The question of after-use is being taken very seriously. At both Liverpool and Stoke this has left much to be desired. At Glasgow it did not arise because Laing Homes, owners of the festival site, had announced the building of houses on the land even before

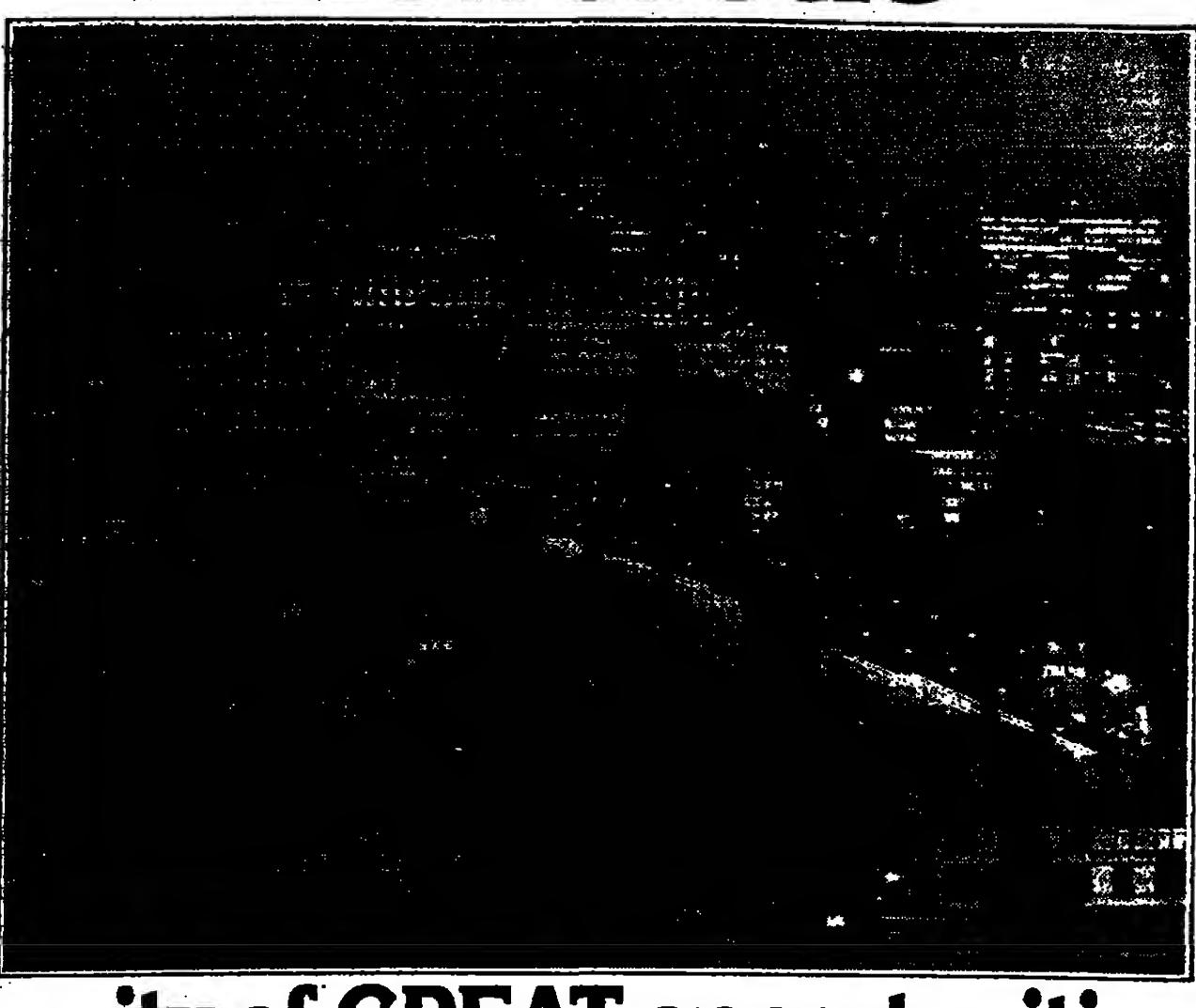
the festival was planned.

David Copeland explains that, in many ways, thoughts about after-use have come first. Agreement has already been reached with York-based Shepherd Homes to build houses on 35 acres of the 60acre southern section of the

Two housing associations will also be involved in providing residential accommodation, giving a total of 430 homes. Including housing it is anticipated that 60 per cent of the area will be developed, with some 40 per cent remaining as parkland. Both Shepherd Homes and the housing associ-ations will build a small num-

ber of houses to be used during the festival for exhibition pur-Mr Copeland sees the main objective as boosting the image of the North-East. He also sees the event as giving a fillip to tourism in the region, pointing to the 100 per cent increase in tourist enquiries in the West of Scotland during the operation of the Glasgow Garden Festi-

# Newcastle



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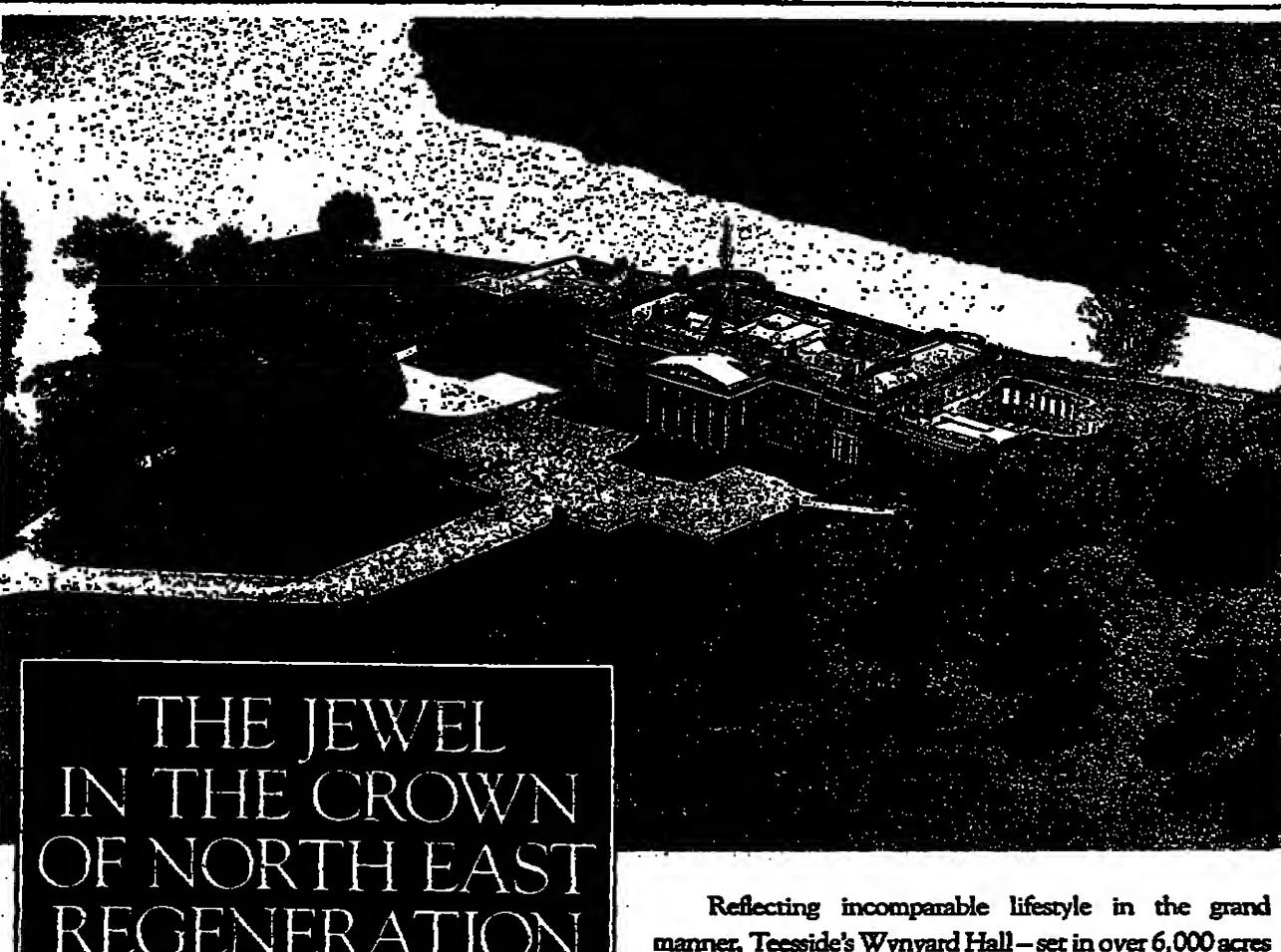
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### TYNE AND WEAR 4

### THE NEWCASTLE INITIATIVE

# Promoting a wider vision

TNI stands for The Newcastle Initiative. The people behind it hope it will play a decisive part in regenerating the city's economy. It was launched last June and is the first of what the Confederation of British Industry hopes will be a network of similar initiatives around the

Although new to Newcastle and the CBI, it is really yet another form of partnership between public and private sectors, examples of which have been proliferating in the UK in the last two years. Some of these have been sponsored by Business in the Community, as in Calderdale, while others have developed on their own, as in Sheffield.

In all cases they exploit the key lessons which have emerged from the US in the last ten years about how urban communities can help themselves when it comes to reviving their flagging economies. One of these is that there has to be significant local decisionmaking and action for people

At the same time, all parties have to sink their differences in favour of common goals; there have to be leaders; and the leaders must have a wider vision of the community in which they live and operate

than their own role in it. TNI has got off on the right foot by involving heavyweight business leaders such as Mr Chris Sharp, the chairman of Northern Rock Building Society, Mr Graeme Anderson, deputy executive chairman of NEL and Mr John Ward. the regional director of Barclays,



Bill Hay, chief executive of This the dominant clearing bank in

the area. Also on the board is Mr John Hall, the property developer, Mr Joe Logan, of the Newcastle Chronicle and Journal, Mr Nigel Sherlock of Wise Speke, the region's leading stockbroker, and Mr Ron Scott of Storey, Sons & Parker, a prominent surveyors and estate

One of the principals involved in getting the idea off the ground was Professor John Goddard, head of Newcastle University's centre for urban regeneration studies. He, too, is on the board, together with Professor Laing Barden, director of Tyneside's Polytechinic.

The link into the public sector comes through the ex-officio membership of Mr Geoff Cook, chief executive of Newcastle City Council, Mr Alastair Balls, of the Type and Wear Development Corporation. Dr John Bridge of the Northern Development Company, and Mr Peter Carr, the senior civil servent who runs the Government's City Action

Team for Newcastle. Although this represents a considerable range of talent and power, TNI will probably have to work hard to ensure that it does not become a co-ordinating talking shop. Putting in money as well as words or at least persuading others to put it in - is the hardest part, as many other partnerships have found. As Mr Jeremy Beecham, leader of the city council peris it: "It remains to be seen if it will work properly." Dr Bridge, however, points out that of the CBI's attempts to get such ventures under way, Newcastle's is the only one that is actually up and running - suggesting that the time

was ripe and that the people involved want to commit themselves to making things hap-

TNI has a chief executive in Mr Bill Hay and a small staff dedicated to working as facilitators, not bureaucrats. This too has been a key factor elsewhere in making partnerships work. They are housed in offices lent by Newcastle Brew-

Mr David Charles, who works in Prof Goddard's centre, sees TNI encouraging more significant local decision-mak-ing. This could be vital for lostering more confidence and self-reliance in a region which has for long been at the mercy of decisions made in London by Government or by owners of branch factories.

The first substantial piece of vork it has initiated is an example of where this might lead. This is the West End Theatre Village project, which is near the Tyne Bridge, outside the UDC area, but contiguous with it. The aim is to develop a large city centre patch of arts-led regeneration. The focal point will be the

existing Tyne Theatre but there are also plans for housing, workshops, a Chinatown and wider leisure facilities. The area already contains 2,000 iobs and 600 residents but has a faded look to it that reflects bygone, more successful times.

The substantial persona and clout of Mr John Hall has been put to good use. He went to the Northern region of the Royal Institute of British Architects and got its members to form a 23-member team to brainstorm on the issue in an intensive four-day study.

The team's report came out this month. It sees the main harriers to development as land assembly, local finance, achieving a critical mass of arts-based activities, poor image, congestion, unoccupied or underused buildings, lack of car parking and the rival attraction to potential investors posed by the development corporation.

However, it sho points out that most of the infrastructure and ingredients for successful regeneration are already there What is needed, the repor says, is local leadership, a development organisation and "a positive financial frame-

This is where TNI has to come in if it is to prove itself. How it grasps such opportunities - such as by forming a development company for the project, as the report suggests

BOCK.

ian Hamilton Fazey | could to help itself.



### Blood rush

continued from page I ing a house in a herricane. Will the cement dry before the walls get blown away?"

Mr Bill Tilmouth, the former chief executive of Washington New Town and now similarly employed by Type and Wear Chamber of Commerce, 5075 "There is still a structural problem, but there are two

good signs.
The first is that everyone is working together to a greater extent than ever I have known and the second is that the NDC is now operating as an efficient professional organisation.li success has to be grabbed we are not going to handless ourselves excessively.

The Newcastle Initiative (TNI), backed by the Confederation of British Industry and all local public sector bodies, is an example of the new-found collaboration.

Moreover, there is a developing, interlocking network of key people on the boards of various emergent bodies, sach as TNI, the Type and West Development Corporation, the NDC and even Northern Investors, the regional venture capital fund

They include Mr Hail of Cameron Hall, Mr John Barnsley of Price Wateringere, the largest financial services conpany in the region, Mr John Ward, regional director of Barclays, the biggest bank, Mr. Graeme Anderson, executive deputy chairman of Northern Engineering industries, Mr Joe Mills of the Transport and General Workers Union and Mr Pani Nicholson, chairman of

the Vaux Group. Indeed, Type and West posses to be showing that it has recognised the lessons of regeneration learned in US cities in recent decades. Differ ent groups are ainking their differences to make behind common objections, leaders are emerging that the feeders are developing a wider witten of the community than their own

role to IL They all seem to west to make store that although Type and Wear may well need help from outside for many years to come no one will be able to say that it did not do all it

### CLEANIN' UP THE TYNE WAS A GREATIDEA, LADS! \*\*MIND-WE WUDDNTBE HEOR WITHOUT \*AYE-IT'S THE RIVOR YE'VE NORTHUMBRIAN WATER, MAN! GORRA COME BACK TO. ALREET! "In 1987, the Tyne The river is cleaner, sweeter became the best salmon and healthier and able to river in England," claims Tony support an increasing marine Champion, Northumbrian Water's population Chief Fisheries Officer. "With over We may be the third-smallest 1000 salmon caught last season, we water authority in England and achieved the best salmon catches Wales; but we're biggest on ideas, this century!" enterprise and innovation. Even a few years ago, the idea And, it seems, on salmon too. that this could ever happen seemed If you would like further information an impossible dream. But that was about Northumbrian Water's before the Tyneside Sewage facilities, achievements and future plans, please contact Treatment Scheme, a massive £150-million project being carried the Public Relations out by Northumbrian Water. It is the Department at NORTHUMBRIAN biggest estuarial clean-up in Britain the address WATER and the benefits are being felt, not below. Serving the North East only by fishermen, but also by

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\* I absolutely agree old man, it's the expanse of water one simply must return to, O.KI

\*\* Of course - one simply could not survive without those splendid folk from Northumbrian Water, old chapt

FOR THOSE UNFAMILIAR WITH THE GEORDIE DIALECT:

# DEVELOPMENT CORPORATION

### A restrained quiet men. Moreover, they

the positive has taken hype to new levels of unbelievability, the Tyne and Wear Development Corporation has introduced a surprising degree of restraint into its publicity.

Sceptics might find it worrying. Well-produced brochures usually prompt the question: "Is this the real thing, or this fantasy?" Unless disbelief is suspended in the Tyne and Wear case, it might be easy to assume that things are in reality worse than stated.

It is the foreword to the corporation's impressive new brochure Forward to 1991 which contains the surprises and points to some of the criticism the new body has been facing. It says that initiatives announced so far have been seen by some as unrelated, and that some people feel that their part of Tyne and Weer has been slighted because no pro-

jects have been announced so far for them. The corporation responds that the brochure is designed to show how separate initiatives link into an overall strategy, while it urges critics to be patient, even though they may live in an area where social

need is greatest. There are unspoken tensions behind such a foreword. Indeed, it is not difficult to find people in the county who question whether the corporation has yet moved fast enough, though they refuse to be identified publicly because they do not want to be seen as rocking

the boat They make comparisons with other urban development corporations, which appear to be making more of the running nationally and internationally. The critics also compare leaders - for by the standards

of the industrial development

business, Mr Paul Nicholson,

the chairman, and Mr Alastair

Balls, the chief executive, are

recently lost their more fiery development and marketing director after personal chemistry produced not quite the hoped-for reaction. Clearly, everything is not as

rosy as the corporation might wish, but Mr Balls is well able to stick up for himself. He knows that at the end of the day it will be deeds and achievement that count, not sentiment or flamboyance. At the heart of everything is

a need for diplomacy. "We have 24 miles of riverside and are dealing with four local authorities and seven or eight separate communities. Communication is a major task," Mr Balls says.

Much has therefore gone into local promotion, to heighten awareness of the corporation's role and pull people's eyes round towards the same goals. "For the corporation to have an impact it has got to change people's percep-tions of what is possible," Mr Balls adds.

Gateshead, the most instantly hostile local borough when the corporation was first mooted, has no part of its area within the corporation's boundaries and has thus lost no planning powers to it. The other local authorities have, but now accept the corporation and its role, though grudgingly and after debate in some cases,

As Mr Jeremy Beecham. leader of Newcastle City Council puts it: "We are stuck with it and are going to work with it. We want to use it to link new employment to the city centre community. The corporation hopes to create 5,000 jobs in the next three years. We shall need to get the training done in time so that local people can fill them."

Mr Balls agrees. "We are trying to make it human and bring in community training and jobs. Our work will have a much wider effect than the riverside," he says.

The need not to develop in isolation and avoid creating a riverside yuppiedom is recognised by the special role of Ms Sally Thomas, whom the corporation has made its community development adviser. She is working on grass roots involvement and, hence, commitment.

The range of activities the corporation says it will support includes self-build groups, housing co-operatives, worker co-operatives, small-scale job creation, play areas, community centres, murals, craft workshops and water sports centres. But apart from smoothing

ruffled feathers and promising a wider benefit than that which will accrue to property developers, what actual achievements can Mr Balls show so far? Although only one contract had been signed by the beginning of this month, five flagship projects are well under way and likely to pull in a great deal of private sector money.

These are concentrated in and around Typeside's natural heartland - city centre Newcastle itself - stretching a mile or so in each direction from the Tyne bridges.

Dysart Developments is prepared to commit £45m to highspecification new buildings in a 60-acre, iandscaped business park with views across the Type to Gatesbead's garden festival site. The work will be in three phases as the market dictates and the park will includes offices, pub and restaurant, as well as factories ranging from 5,000 to 40,000 sq

Closegate Developments is building a hotel which will be operated by Copthorne. Mr Balls sent the original design back to the drawing board to get something in keeping with the 18th century ambience of the area - which has high visibility to incoming travellers on the train from London.

Another big project should see riverside warehouses converted into up-market flats, while Barratt is planning to spend £25m building new houses on the 14-acre St Peter's

The most senior of the flagship projects will be that on the East Quayside, where Shearwater - the Rosehaugh subsidiary - has formed Newcastle Quayside Developments as a joint company with local developer Stanley Miller Hold-

They beat off John Laing and Brookmount for the right to spend no less than £108m between 1989 and 1995, creating a complex of leisure facilities. executive housing, specialised retail shops and offices. "These projects mean that we have surpassed our own expectations by securing promises of £250m of private investment in the first 12 months," Mr Balls

He will need £22m in his first year for the public sector pump priming funds to help get them going. Since this is 10 per cent over budget, it is hard to see how anyone can accuse the corporation of really being slow off the mark, even though most of the deals are still to be finalised.

"Our job is to batten down these five projects and make them happen in the next 12 months," Mr Balls says. The quiet men are getting on with

ian Hamilton Fazey

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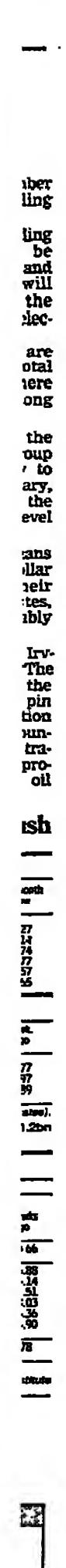
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oviet science has contrib-uted too little to the world's stock of scientific know-ledge. In physics, for instance, it has not been responsi-ble for any recent discoveries of fundamental particles. It is stulti-fied by its large research institutes, which are bureaucratic dinosaurs with staffs of thousands .

This damning judgment was made not by some Western critic, but by Roald Sagdeev who, as director of the Soviet Union's space research centre, has been one of the most influential voices in Soviet sci-

entific and technological policy.

As with other statements coming out of the Soviet Union, its boldness takes the breath away. It may even be making a point through deliber-ate exaggeration: the Soviet Union, after all, continues to enjoy a world class reputation in disciplines such as physics and mathematics, and the country's scientists provide the underpinning for its space and weapons programmes.

Yet the people who shape Soviet scientific and technological policy have launched a reform pro-gramme, guided by the watchwords of perestroika and glasnost - more flexibility and greater openness.

The Soviet establishment is not only having to cope with fears that its objective scientific output is falling behind that of the West. It is also having to deal with a waning of ulation - in a country which has traditionally held science and scientists in high esteem.

Professor Juri Vasiliev, rector of Leningrad Polytechnic Institute, an elite higher education body specialising in engineering and science, complains of increasing difficulty in persuading students to study engineering and other technical sub-

# Taking the lid off scientific initiative

Soviet academics are being asked to provide impetus for economic modernisation. David Thomas reports

the 1970s to 2:1 now. Viktor Zubaryev, a deputy education minister, blames young peo-

ple's increasingly negative image of industry, which they hold responsi-ble for serious ecological problems. The Chernobyl nuclear power sta-tion explosion and the impact of industrial effluent on Lake Baikal. which contains more than a quarter of the world's fresh water, have propelled ecological issues to the fore-front of national debate.

Partly in response, the authorities are increasing the number of elite primary and secondary schools catering for children showing promise in the sciences. They are also beginning to shift their research priorities to reflect the new social establishing a chair in ecological problems, while a new Institute of Ecology is being opened at the Siberian science centre of Novosibirsk. A recent senior British delegation

was surprised by the priorities for collaborative work with the UK outlined to it by Konstantin Froiov, a vice president of the Soviet Academy of Sciences. Frolov named

jects. The ratio of applicants to nuclear safety and improving the places has fallen from about 6:1 in understanding of management and business techniques as two priori-ties. But he put the greatest stress on ecological research, even going so far as to propose a joint Anglo-Soviet ecological research institute. The greenhouse effect, water pollution and mathematical modelling of pollution in large cities such as London and Moscow could all be studied jointly, he suggested. More pervasive is the desire to

harness Soviet science and technology to the country's faltering economy. The Academy of Sciences in the conditions of perestroika sees its duty in sharply enhancing the practical results of its work," according to Guri Marchuk, the academy's president. He has highlighted supercomputers, new materials, superconductivity and biochemistry as typical of the research areas which could help the country's drive for modernisation. To encourage greater initiative by

its researchers, the Soviet Union is pushing through various structural

Members of the Academy of Science now have a retiring age for the first time. When this move was

agreed last year, two thirds of the Academy were over 70. Directors of research institutes and universities are now elected by their staff.

The institutes were previously secure in their funding from the centre. Now a system of competitive bids for research grants has been introduced

Research organisations are being

encouraged to carry out more contract work for Soviet industry. Pilot plants are attached to many institutes, allowing them to test the fruits of their research with local industry. At Novosibirsk, each of the 20 research institutes is carrying out up to 10 industrial contracts. They are allowed to keep more of the resulting cash to plough back into the institutes' work and as incentive bonuses for the scientists - known as "sausage money". More radically still, research institutes are being given new freedom to seek out foreign companies to help exploit their findings com-mercially. The British delegation was told in Novosibirsk of 200 proposals which scientists there would like to discuss with Western companies, including a clutch of what the

Soviets claimed were unique

nitrous exide compounds of potential interest to chemical companies. Professor Vadim Kotov, deputy director of Novosibirsk's computing centre, has toured the US with proposals for joint ventures in soft-

Barriers to foreign visits and exchanges of Soviet scientists are being gradually dismantled. The number visiting foreign scientific centres almost doubled in 1987 compared with the previous year. But there are still many obstacles

ware, personal computers and semi-

conductors.

to reform. One is the brute fact that, for all the desire to make the system more flexible, Soviet science is still highly centralised and bureaucratic. Many scientists grumble that

they still cannot keep enough of the

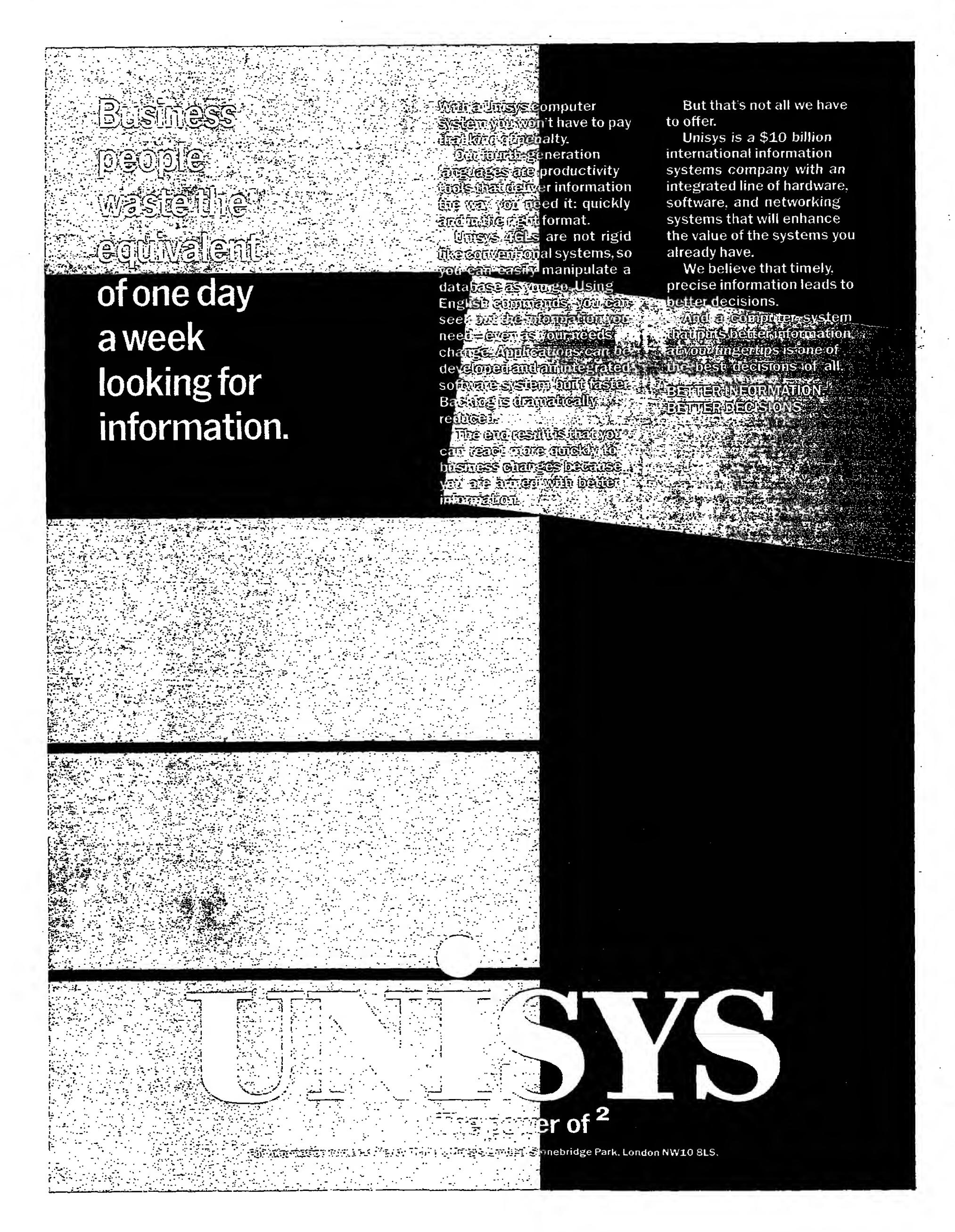
fruits of their research. "The director of each research institute spends lots of time trying to find loopholes in the legislation," says one senior Novosibirsk researcher.

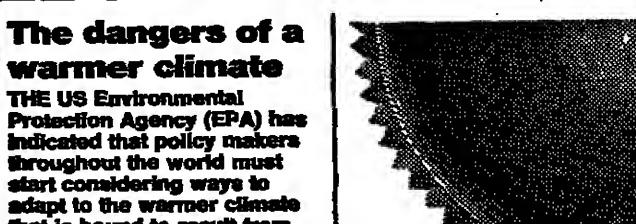
Western companies contemplating taking advantage of the new openness still have to deal with the foreign trade agencies in Moscow and negotiate their way through the Soviet Union's desperate shortage of hard currency. This is in addition to distinguishing findings of genuine commercial potential from those infused by wishful thinking: the Soviet system is notably lacking in people used to thinking in commercial or marketing terms.

There is little sign of much improvement to perennial bugbears such as the lack of mobility among scientists and inadequate facilities.

Elite institutes, however, remain sheltered from equipment problems. Carol Williams, a British scientist working at Novosibirsk's Institute of Catalysis, which uses nuclear magnetic resonance machines from Oxford Instruments, says the equipment is similar to that which she

used in London and Cambridge. Soviet ingenuity may also help to overcome some of the more glaring deficiencies in computing equipment. Computer scientists claim they have invented extremely clever software to compensate for their lack of modern hardware. Sir David Phillips, the Oxford chemist who was part of the British delegation, confirms that results at some Soviet elite institutes could not have been achieved without very advanced computing power.





warmer climate THE US Environmental

that is bound to result from the "greenhouse effect". The US Government agency makes it clear that strategies to reverse the effect "are not currently available."

Carbon dioxide (CO) has been building up in the atmosphere since fossil fuel burning began and there is a surge at the moment due to the burning of Brazilian forest. Population growth also

adds to the percentage. The additional CO alters The heat exchange processes between the planet, the atmosphere and space,

raising mean air temperature

According to the EPA, a projected 3.0 to 9.0 deg F rise in the next century will lead to coastal flooding, as ice meits at the poles; and cause geographical shifts in agricultural production. Farming techniques, water availability and low-lying eress could all be affected. Some regions might become

drier, others wetter. The agency is preparing a separate report on ways to limit emissions of CO and US Government will have to spend "hundreds of billions of dollars."

Strategies are likely to include tax incentives to encourage alternative energy sources, better energy conservation and easing the Third World debt burden to minimise the conversion of forest to termined. A particularly difficult choice will be between fossil fuel and nuclear power stations.

### **Purely electronic**

snapshots FILE Photo Film, of Jacan. has taken the next step forward in still electronic cameras by using a "chip" memory to store the images.

Most Japanese camera companies now have prototypes of these cameras, but the preferred technology for image storage has been a 2.5 Inch magnetic disc. The Full camera avoids the

moving parts associated with a rotating disc, so improving long term reliability. But the chip memory can hold only Sive fully scanned images. The company is working with Toshiba on a design that will hold 40 frames. Eventually, these cameras

are likely to oust conventional still film cameras from the market, which is why Full, Kodak and Asia are alt actively involved. For the consumer market. prices - which range in

for a Sony to Nikon's Y450,000 - are still too high. Users . to date are mainly newspaper photographers and other professionals. Although picture quality has yet to come up to good 35 rem film standards, a strong selling point is the ability instantly to play back

Japan from Y70,000 (£315)

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**POLYSTEEL**; a radical departure from conventional building methods, with walls made from expanded polystyrene and steel tubes. has made its appearance to the UK from Canada. The company, also called Polysteel, claims that building



### WORTH WATCHING **Edited by**

**Geoffrey Charlish** 

costs can be reduced by up to 60 per cent. The walls and root can be erected in a traction of the time taken by conventional methods. The system uses thick, expanded polystyrene panels with channels cut vertically on the inside and outside surfaces. These channels take load-bearing. rectangular section,

galvanised steel tubing. The panels, made to standard or custom sizes. are between 102 and 305 mm thick. When the friction-fit tubing is pushed into the channels, it fies flush with the polystyrene surfaces. The tubes on either side of the panel are bolted together through the wall. The bottom edges of the panels sit in and are sealed to a U-section

steel member running the length of the foundation. As each panel is erected, It is joined to its neighbours with a polystyrene spline. When complete, the first wall is temporarily braced while comer components are installed and work is started on adjacent walls. Doors and windows are easily

accommodated A possible objection to expanded polystyrene - its Sammability - is dealt with by applying cladding inside and out, together with modern additives in the plastic. The company says the system "has passed the necessary UK fire testa."

It plans to exploit the housing market in the UK. as well as commercial building opportunities. With up to 305 mm (one foot) of excellent insulation, the system sets high standards of thermal efficiency.

### Cheaper optical recording PA TECHNOLOGY'S

Cambridge laboratory is developing an optical recording medium which uses a photo-thermal effect to allow relatively cheap, high data density recording tage to be developed.

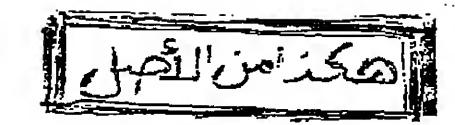
recorded by shining a small point of laser light on to the surface in short bursts. producing a series of "digital dots" representing information. The reguliant rapid local heating turns the normally blue, almost opeque material to near transperent vellow throughout its thickness.

The medium would be

Present optical recording systems produce surface. deformations that are read by reflection. The PA material allows playback by light transmission. If data were recorded in lines across a tape, a suitable line of detectors under the tape could read a fine at a time as the tape moves past. giving a rapid data rate. PA is seeking backing to

CONTACTS: EPA: US, (202) 362 2000) Fuji: London office, 586 5900. Polyates (UK): 0384 400128. PA Technology: UK; 0783 81222.

develop complete systems.



into British preserty investment and development, especially in the scientist each development, especially in the scientist each destination for these funds. Money is siso going into the Netherlands, Cornects Residenced Relations Germssiy, Spain and Belgium. But Britain seems the most

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la is difficult to quantily the amount of this investment. Robert Windborne Brown, managing director of the Anglo-Swedish Windhorne International, says that over the lest year, "we are talking in terms of not less than

The investments range from the mighty to the small. The Svenska project, near St Kath-ering's Dock, butside the City of London, where Windborne is a minority shareholder, is the largest overseas commitment ever made by a Swedish company. It is a mixed develop-ment, based on offices, and will create 830,000 sq ft of space with a completion value of

around £350m. Next door Stancia, the hotel company in the Rates group, is planning a £50m project for a 4-star hotel, effices and retail space. It has opened another hotel in the Victoria district of London's West End and has a

third opening in Edinburgh later this year.

Lezs expensively, Lendon and Stockholm Properties has spent 13.66m en en office gévelopment in Clerkenwell, near the City of London, and Regn-bagen, a quoted Swedish com-pany, has joined the Ashvilla Group to buy a Bristol office property for just under 19m. All of this is the tip of the

iceberg. But there are factors behind the export of Swedish capital which affect all the West European property mar-kets. Since January, the Swed-ish Government has permitted the export of capital for all Swedes except insurance com-panies. This has released funds which could not find a home in Sweden Heelf.

The Swedish property market is relatively small but had shown signs of overheating. Mr Windborne-Brown noted that the national infrastructure is well-built and there are limited opportunities for redevelopment. Yields have been geiting smaller and smaller.

In fact, yields for prime office space in the major Swedish centres has come down to 4 per cent, compared with the 6 per cent which can be obtained in London, according to Lars Evender of Svenska international, the Swedish merchant bank in London.

The shility to export capital suited pension funds looking for a better return on their cap-ital. It also suited the major comparies like Svenska which outgrown the local opportuni-

in a broader context, and this is stressed by those on the Brussels market, Swedish componies are seeking to position themselves inside the EC as it makes an effort to lower internal trade barriers. Sweden is a member of the European Free Trade Association.

Swedish investment is flow-ing idio the UK because it is familiar, and it is concentrated on the south east because many Swedes know this area better than other regions. Swadish companies are lying strength of the British

property market is more important than its negative aspects - the recent rises in interest rates, the escalation of construction costs and the hints of fature over-supply on the CHY of Landon market. But this is not to suggest that other markets in Europe are not structive as well. The

effects of Swedish investment

on Brussels are considered in

the accompanying article

One of the attractions of Brussels is that the unit costs are much lower than the UK. It is difficult to imagine an office complex with the space of the Blue Tower - 256,000 sq ft of car-offices and 100,000 sq ft of car-parking - selling for such a low price in London.

Although Swedish exchange Swedish companies are not using the kroner for their purchases. "Most of the investments are highly leveraged," said Mr Evander. Swedish companies are borrowing aggressively on local markets, sometimes up to 100 per cent. The relaxation of export con-trols has allowed Swedish com-

parise to expert funds needed

for equity, but more importantly, has given them the facility to guarantee the loans they are taking up for their purchases. Mr Evander observed that there is much speculation in Sweden about the scrapping of exchange con-trols. If this should happen then Swedish insurance com-panies will enter the market. "In Lendon we have seen the first wave of investment. The

second wave is yet to come.

said Mr Evander.



Taking the city of Brussels by surprise

dominated one end of the Avenue Louise in Remotes since it was built 12 years ago. It is one of the most striking examples of Swedish property buying in the Belgian capital. Last June it seemed expensive at BFr 2bn (£30m). Now it has been sold by Eurogest of Milan to Granaten, controlled by Mr Hans Thulin.

In another notable sale, the Blaton family and County and District Properties, part of the Costian group, sold Britannia House, the 183,000 sq it central Britasels office block

tral Brussels office block which houses the British Embassy, to Larmag Investis-tement, registered in the Natherlands, but belonging to Bir Lars Eric Magnusson, the Swedish magnate,

for Jones Lang Wootton, the chartered surveyors represent-ing the bayers, estimates that Swedish investment in Belgian property reached BFr 20bn this year. The Swedes are lead-ing the market and have brought yields on office investments down to 6 per cent from 7 per cent, where they were stuck for as long as most pec-The intensity of the Swedish

individuals, who act quickly. "They spend two or three days in a hotel, see something they might want to buy, sit down and pegotiate," says Mr

Locally-based institutions David Bouch, who was are also active in the Brussels involved in these transactions market. Indeed, Victoire-Abeille Paix, the insurance group, has been outbidding Pagoden, the Swedish company, to take control of all the certificats foncier (shares), in a single asset property company which owns a central Brussels office building let to the BC. There is particular interest in this bid because it is the first time in Belgium that an effort has been made to take over a complete issue of certificats foncier.

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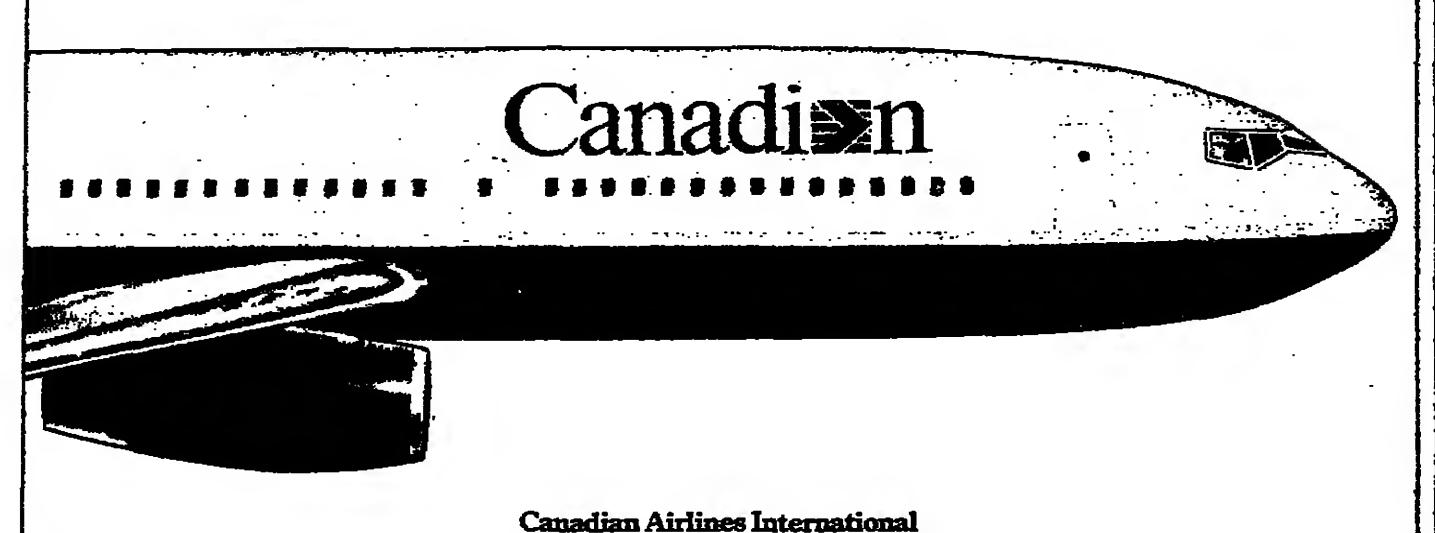
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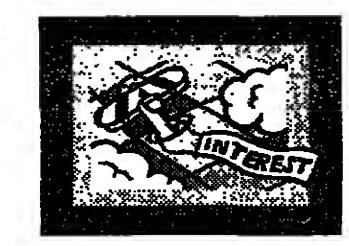


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Grand Opera Night with the

Graham Nash conducts, with

National Symphony Orchestra.

Music

London

Marilyn Hill Smith (soprano), Peter Bronder (tenor), and John Cashmore (baritone). Fareare Trumpeters from the Weish Guards. Wagner, Rossini, Bizet, Puccini, Mozart, Charpentier, Verdi, Gounod, and Borodin. Royal Festival Hall (Sun) (928 3191 cc 928 8800). City of London Cheir with the City of London Sinfonia, David Cashmore conducts Handel, and Mozart with Lyone Hirst (soprano), Nicholas Clapton (counter-tenor). Andrew Murzatroyd (tenor), and Jonathan Roberts (bass). Queen Elizabeth Hall (Mon) (928 3191 cc 928 8880). The Bartok Solti Series with the London Philarmonic Orchestra. Zoltan Kocsis (piano), Klara Takacs (soprano), and Asge Haughland (bass). Royal Festival Hall (Tue) (928 3191 cc 928 8800). Contemporary Music Network with the London Surfements. Diego Masson conducts At First Light by George Benjamin; Sun's Dance by Colin Matthews, and Airs from Another Planet by Judith Weir and Circles of Light by Robert Saxton. Queen Elizabeth Hall (Tue) (928 3191 cc 928

8800). The Reluctant Revolutionary with the Goldsmiths Choral Union, Brian Wright conducts with Nicholas Dauby (organ). playing Brahms' Chorale Fra-ludes. Royal Festival Hall (Wed) (928 3191 cc 928 8800). Leipzig Gewandhaus Orchestra Conducted by Kurt Masur with Karl Suske (violin) play Mendels-sohn's Overture Ruy Blas with Schumann's Violin Concerto in D minor and Mahler's Symphony No 1 Barbican (Wed) (638

**Ensemble Mossiques with Chris**tophe Coin conducting Back. and Haydn. Théatre des Champs Elysées (Mon) (47-23-36-27). Collegium Musicum of Aquitaine conducted by Michel Mouresu, Edson Elias, (piano). Beethoven. Salle Pleyel (Wed) (45,63.88.73). Vladimir Feltsman, piano. Schubert, Schumann, Mussorgsky. Thésire Des Champs Klysées (Wed) (47.23.36.27). Orchestre de Paris and the Ensemble Intercontemporain. conducted by Pierre Boulez and Daniel Barenboim as conductor and piano soloist. Schoenberg, Berio, Debussy. Salle Pleyel (Thur) (45.63.88.73).

Frankfurt The Chinese Radio Orchestra and planist Riccardo Caramella. conducted by Yuan Fang, Wang Xi Lin, Xia Xinghai and Tchal-kovsky. Frankfurt Alte Oper

Munich

Munich Philharmonic Orchestra conducted by Wolf-Dieter Hauschild with Arleen Auger (soprano). Mozart, Brahms and Denissow. (Wed) Philharmonie im Gasteig Bruno Leonardo Gelber piano recital, Beethoven (Wed) Munchen. Herkulessaal der Residenz.

Jazz Festival 88, the George Gruntz Concert Jazz Band, guests: John Scoffeld, Phil Woods, Dino Saluzzi and Franco Ambrosette (Wed) Piniharmonie Jazz Festival 88, Hank Roberts Black Pastels, Art van Damme, Buell Neidinger's Stringlazz. (Thur) Philharmonie.

Amsterdam

Concertgebouw Orchestra, conducted by Riccardo Chailly in Verdi's Requiem, with vocalists Araxia Davtian, Tamara Sinyavskaya, George Gray and Paata

Ufrecht Utrecht Oratorio Society, Dvo-

rak, Verdi, Berloiz (Wed). Recital Debussy, song recital. Recital The Colorado Quartet, with Daniel Biumental, piano. Brahms (Wed) (31 45 44).

Rotterdam The Rotterdam Philharmonic. conducted by Valeri Gergyev, with Paul Crossley, piano: Liadov. Stravinsky, Tchaikovsky. Recital Hall (Tue to Thur) (413

Wiener Bachsolisten, conductor Ernst Wedam, Beethoven, Schubert. Musikverein (Fri). The Chamber Orchestra of Europe, conductor Claudio

Abbado, Ligeti, Rihm, Haydn. Mozartsaal, Musikverein (Fri).

Piano Recital, Manrizio, Brahms, Schoenberg, Beethoven, Konzerthaus (Sat). Austrian Televison and Radio Orchestra and choir, conductor Michael Gielen, Ligeti, Debussy. Wahringerstrasse 59 (Sat) Andres Schiff, piano recital. Mozart. Musikverein (Sm). American String Quartet. Schumbert, Mozart, Beethoven. Konzerthaus (Sun). Ensemble die Reihe, conductor. Friedrich Cerha, Ligeti, Mozart saal, Musikverein (Sun). Wiener Symphoniker and State Opera Choir, conductor Nikolans Harnoncourt, solists, Edith Gruberova (soprano), Thomas Hampson, (bariton), Brahms, Konzer-

thans (Tues). Haydn Trio. Beethoven, Messigen. Konzerthaus, Wien Modern (Tues). Three Pieces for Two Planos. Rihm, Ligeti, Musikverein, (Wed)Herbert Gasser, organ recital. Bach, David. St Stephen's

Festival (Fri) (47.23.36.27)

Rome

Auditorium di foro livico. Eco e Narciso". Gabriele Ferro conducting Mahler, Stockhausen and Berio, with soprano Lucia Rizzi and the Electric Phoenix conducted by Terry Edwards. (Szt) (36865625) Testro Olimpico: Mozart's quartet in f major, with oboe and clar-

inet in e flat major with french horn and Mendelssohn's octet in E flat major played by young italian soloists (Wed) (3965851). Auditorient in via della Concilia zione: the Deutsche Kammerakadenia Neura conducted by .. Johannes Goritzki playing Haydo, Mozart, and Reimann. (Fri). Peter Smeider conducting Dyorak's mano concerto in G minor with planist Justus France and Bruckner's 7th symphony (Sat. Son. Mon and Tues) (6541044)

Gener

Cheein's Pisno Concerto No. 2 in F minor, Daniel Oren conducting with pienist Boris Block and Brahms's 4th symphony. Teetro Margheritz (Fri. Sun)

Teetro alla Scala, Carlo Maria Gantini conducting Mahler's Dat Lied von der Erde" with tenor Francisco Argizz and mezzo-soprano Brigitte Fassbaeuder, and Schubert's 4th Symphony (Thur and Fri) and (Sun) a recital by baritone James Morris, accompareed by Robert Kettelson, singing Handel, Mozart, Richard Straus and J. Ibert, and (Thur) Witold Lutoslawski conducting his own works, including the first performance of a new piano concerto, (80.91.26) Venice:

Testro in Femice: series of contemporary music concerts "Eco e Narciso" Markusstenz conducting H.W. Henze's "Elegy for Young Lovers with sopranos Walmeasly Clark and Julia Conwell, contraito Utetrekei Burckbart and tenor Christer Bladin baritone Victor Brown and bass Philip Kang (Pri) (5210161)

New York Philodelphia Orchestra, conducted by Riccardo Muti, Kyung Wha Chung (violin). Dvorak, Stucky, Ravel. Avery Fisher Hall (Wed) (874 6770).

Vienna Phillegranouic, conducted by Leonard Bernstein, Wolfgang Schulz (flute). Beethoven, Bernstein, Brahms. Carnegie Hall (Tue) (247 7800). New York Phillipsemonic, conducted by Raymond Leppend, ida Haendel (violin), Handel, Dvorak, Britten. Avery Pisher Hall, Lincoln Center (Tue). New York Philharmonie, conducted by Zubin Mehts, Josephin Achucarro (piano). Mozart, Rachmaninoff. Beethoven. Markin. Hall (Thur) (799 9595) New York Philosophics, directed by Robert Johnson, Haydo. Zelenka, Villa-Lobos, Kanfmann Hall (Mon) (362 8719). Mischa Maisky, cello recital. Back, Schubert, Shostakovich, Pagarini. Juilliard Concerts at

Washington

National Symphony Orchestra conducted by Rafael Frubbeck de Burgos, Christina Ortiz (piano). Falla, Rachmaninov, Beethoven. Concert Hall, Kennedy Center (Thur) (254 8776)

IBM Atrium (Thur) (427 6006)

Chicago

Sydney Symphony Orchestra, conducted by Stuart Challender, Shura Cherkassky (piano), Vine. Saint-Saens, Shostakovich. Orchestra Hall (Wed) (435 8122). Chicago Symphony Orchestra, conducted by Giuseppe Sinopoli. Strauss, Bruckner, Orchestra Hall (Thur) (435 8122).

Tokyo

Czech Pkillermonie Orchestra. conducted by Vaclay Neumann. Mahler 9th Symphony (Mon). Beethoven, Dvorak (Thurs). Suntory Hall (505 1010) Classical Japanese Music. Fukuda Teruhisa (shakuhachi). Ongaku no Tomo Hall (Tues) (235 2115) Dezso Runki (piano). Haydn, Beethoven, Schubert. Suntory Hall (Wed) (505 1010)

Garrick Ohlsson (piano). Schub-ert. Tokyo Bunka Kalkan, Recital Hall. (Wed) (289 9999) Japan Philharmonic Orchestra. James Loughran conducts with Kyoko Takezawa (violin). Kabal-evsky, Prokofiev, Shostakovich. Tokyo Bunka Kaikan. (Thurs) (2345911)

**OPERA AND BALLET** London

Royal Opera, Covent Garden. Madame Butterfly with Ezio Frigerio's marvellous sets. Michael Schoenwandt conducts (Oct 28 to Nov 3). Celebrated Welsh National Opera production of Falstaff by Peter Stein. Richard Armstrong conducts and Donald Maxwell takes the title role. (Sat) (240 1066) English National Opera, Coli-

seum. David Alden's surrealist production of Simon Boccanegra. Also in repertory, the new production of La Traviata and The Barber of Seville, an unfunny Jonathan Miller production similarly aided by Della Jones's sparkling Rosins. (Oct 27 to Nov 3) (836 7666)

Royal Ballet, Covent Garden. A new triple bill, with the creation of David Bintley's Trial of Prometheus (Tue, Wed). Other works in the bill are Bintley's Still Life at the Penguin Cafe and Ashton's Rhapsody. Covent Garden. Also Ondine, (Oct 28, Nov 1), and a triple hill (Nov 2).

Paris

Opéra. Raymonda, a three-act ballet choreographed and produced by Rudolf Nureyev and inspired by the Marius Petipa version. (Fri) (47,42.53.71) Théaire des Champs Elysées. Ballet Royal de Wallome as part of the Paris International Dance Opera Comique. Peter Zadek's

State Opera. Le Nozze di Figuro, conducted by Ion Marin, with Gundula Jankowitz, Sona Ghazarism, Bernd Weikl, Manfred Hemm. Fidelio, conducted by Erich Leinsdorf, with Gwyneth Jones, Gabriele Fontana, Robert Schunk. (51444, ext. 2660). Volksoper, Die Boeheme, conducted by Ernst Maerzendorfer. Der Zignenerbaron, conducted by Conrad Artmuller. Einwalzertraum, conducted by Herbert Mogg. Die Zirkusprinzessin, conducted by Fabrizio Ventura. Der Mantel, conducted by Dietiried Bernet, Kiss me Kate (Premiere) conducted by Herbert Mogg. (51444, ext 2662).

Denische Oper. Lucia Di Lam-

mermoor has Angela Denting.

in the title role and is conducted by Stefan Soltesz. Performances of Wagner's Siegtried and Die Walkure produced by Gotz Friedrich are subg by Anne Evans, William Pell, Eva Johnsson, Reiner Goldberg and conducted by Heinrich Hollreiser. Die Zauberflote rounds off the week. Gotterdammerung in Gotz Friedrich's production has a strong cast led by Anne Evans. Die . Zuaberflote features Isolde Siebert, Carol Malone, Kva Johans son, Bengt Rundgren and Wil-liam Dodley and is combucted. by Stefan Soltesz. Fidelio has fine interpretations by Sabina Hass, Barbara Vogel, Lenos Carlson, Spas Wenkoff, Gerd Felboff and Viktor von Halem. Die lustigen Weiber von Windsor with Lucy Pescock, Kaja Borris, Hans Franzen, Walton Gronroos and Rudiger Wohlers.

Harriburg

Staatsoper. Don Pasquale is well-sung by Helen Kwon, Paolo Montarsolo and Kurt Streit. Faust's Vertiammis has a star cast led by Dolores Ziegler, Keith Lewis, Franz Grundheher and Haraki Stamm. La Traviata convinces thanks to Julia Varady. brilliant in the title role.

Cologne

Opera. Turandot is respectable with Olivia Stapp in the title role, Hubert Mohler (Altoum). Dieter Schweikert (Timur) and Juan Lioveras (Kalai). Riguletto returns with Wassill Isnalako. Der Italienerin in Algier brings together John Del Carlo, Darla Brooks and Tone Krose. Rigo-letto has Wasili Janolako in the title role Juan Lloveras (Herzog) and Alida Ferrarini (Gilda). Ein Sommernachtstraum brings'. together Andrew Dalton, Daria Brooks, Dieter Showelkart and Francisco Vergara.

Opera. Semiramide in Luigi Pizzi's moduction stars Cheryl Studer, Kathleen Kuhlmann, Jeen-Philippe Latont and Guiseppe Morino. Der Knussknacker bad its premiere this week. It is choreographed by Youri Vamos and stars Marc Wenke. Massino Acri, Jorce Cuoco, Gyorgy Scelesly, and Anna Vita in the solo parts. Last performance of Semiramide stars Cheryl Studer, Kathleen Kuhl-main, Jean-Philippe Lafont and Guiseppe Morino, Norma is revived with a new east led by ROSSING PROWEREST ID THE TIPE role, Florence Quivar (Adalgisa) and Lando Bartolini (Politone). A benefit Opera Gala rounds off the week.

Stutiont

Staatsover, Rinstein on the Beach by Philip Glass and producer Achim Freyer is an opera with a strong combination of pictures and music. The rarelyplayed operetta, Der Karottenkonig, has Elke Estinbaum, Urszula Kosszut, Ruth-Margret Putz, Jonn-W. Wilsing and Herold Krause in the main parts. Tannhanser closes the week.

Frankfurt

Opera. Der Wildschütz takes the leads Julie Kaufmann, Ilse Gramatzki and William Workman. Rigoletto, the first new production of the season, is produced by Jean-Claude Auvray and sung by Anne Dawson, John Rawnsley, Franco Farina and Manfred Schenk, Dido und Aeneas has a strong cast led by Glenys Linos, Valentin Jar. Ulrike Sonntag, Marianne Rorholm and Graham Pushee. Also, William Forsythe's Impressing the Czar.

Amsterdam The Nederlands Dans Theater,

Muziektheater, with Tabula Rosa (Naharin/Part), a new ballet by Nacko Duato to music by Wagner, and Forgotten Land (Kylian) Britten) (Wed). The premiere of the Netherlands Opera co-production with the English National Opera of Mozart's Magic Flute (in German) directed by Nicholas Hytner. The Netherlands Philharmonic under Donald Runnicles, with Hans Peter Blockwitz, Dawn Upshaw, and Petteri Salomaa. (Thur) (255 455).

Bologna

Testro Commule. A co-production with the Teatro la Zarzuela of Madrid of Bellini's "Ipuritani conducted by Alberto Zedda. American tenor Chris Merritt leads the cast which includes Mariella Devia and Paolo Coni. (Fri, Sun) (52.9999).

Florence Teatro Commale. Jonsiban Mill.

er's production of Wagner's Tristan und Isolde, with sets and costumes by David Hockney. The production is sung in German with Italian smittles. (Fri. Sun, Thur) (2779236)

Rome

Teatro dell'Opera's ballet company in three works to Stravinsky's music: Les Noces, chorsography by Ugo dell'Ara; "pulcinella", a re-working by Lorca Massine of his father, Leonide's, choreography; and regtime (Sat, Sun) (46.17.55). Teniro Olimpico, Piazza Gentile da Fabriano. The ISO Dance Theatre of New York, (Fri. Sat. Som) (396.58.51). . .

New York

Metropolitan Opera, Opera House; Lincoln Center, James Levine conducts the premiere of Otto Schenk's production of Götterdammerung, with Hildegard Bebrens, Christa Ludwig and Matti Salminen. The week also includes Il Trovaince with Eva Marton and Giulio Cesare. (362 6006)

EXHIBITIONS

London The Royal Academy. Toulouse Landre: The Graphic-Works. A comparisonsive sciection principally of lithographs, from the definitive collection made by Otto Gerstenberg of the graphic work of this brilliant and impossitive draughtstorn. Joint admission tickets are generally available for concurrent exhibitions at the Royal Academy Ends Jan 4

The Tate Gallery, David Hockney: A Retrospective. London's main gallery of modern art offers a full study of the golden boy of British art at the age of 50 It concentrates on the painting rather than the graphic work.
of this most proffic of satisfawho has enjoyed the most. extraordinary popular success from the very start of his career, nearly 80 years ago. Ends Janu-

Grand Palais. Vieira da Silva. the 80th birthday of the artist who, while born in Portugal, decided to live and work in France, Some 90 patetings are divided into four groups according to themes: scenographies, memory of uzulejos, forms and colours as musical pertitions density and transparency of colour. Vietra da Silva shatters surfaces into entiless geometrical fragments only to recompose them patiently and rigorously. traditional perspective to express her own visions. Softness is reserved for her choice of colours and for shading by gentle transi-tions. Closed Tue, late closing night Wed. Ends Nov 21. Galerie Hopkins-Thomas. Arrire Brasilier charms with his portrayed of the feminine form

decorative and geisha-like
while the Galerie Etienne Sassi shows his ceramics and watercolours. 2 rue deMiromesni (42.65.51.05) and 14 ave Matignon (47.23.40.38) respectively. Both exhibitions end Nov 19.

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Berlin Time Comparison 1988. Thirteen peinters, spanning three generations, present the Bast German art scene in the 1980s. This exhintion concentrates on figurative painting and portraits. Among the artists are Hampel, Heisig Ebersbach, Tubke and Libuda. Neues-Kunstquartier, Gustav-Meyer-Allee 25. Ends Nov 20.

Villa. Portraits by the fin-de-

siècle artists. Gustav Risot and Rmilie Floore. Ends Feb 19. Pinnectors Nandonsie and Museo Archeologico. Guido Rani

(1575-1689). A splenelid collection of paintings by the Bologoese memorist pointer, the first to bring the concept of physical hearty into sacred art. His depictions of the Vagin Mary baye looks and tenmerament which recall Thomas Eardy's tracic heromes. The paintings come from major Italian and foreign mesecuna. Until Dec & :

**Mew York** Metropoliton Museum. The first major Degas retrospective for over 50 years has 306 paintings, sculptures and drawings covering the artist's entire career and various interests; from early clas sical motifs and still portraits to the pallet studies and washer-

women that freed his imagination. Ends Jan 8. Museum of Medern Art. Almost 160 black-and-white prints illustrate Matisse's influence during a 50-year printmaking career that included lithography, drypoint, etching and linoleum cut.

Chicago

Ends Nov 6.

Art Institute. Paul Gauguin. The artist's first major retrospective for 30 years includes more than 230 objects and paintings from all the periods of his exotic and far-flung life. Ends Dec 11.

Washington

National Gallery. Seven Centuries of Japanese Art, as it evolved under the feudal dainero lords is the subject of a major exhibition of 450 specially designated Japanese national treasures, including paintings, sculpture, swords, painted scrolls, ceramics, robes and lacquer, Ends Jan 23.

Tokyo

"National Museum of Western Art. Japonisme. A major exhibition, seen earlier this year at the Grand Palais in Paris, which explores the influence of Japan on the art of the West in the late 19th century. The exhibits range from the straightforward representation of Japanese objects, or an added exotic touch in a conventional portrait - such as Monet's depiction of his wife in a red kimono - to copies of Japanese pictures and scenes from Japanese life. Glosed Mondays. Continued on page 19.

LEGAL NOTICES

TO: Holders of United Cable Television Corporation's 5-34 % Convertible

Subordinated Debentures Due July 9, 2001 (the "Debusture")

You are hereby notified that on August 37, 1987, United Cable Television Corporation paid a dividend (the Dividend ) and its common stock equal to one stock of borroom stock for every two sheres outstanding on August 74, 1987, the record date for the Dividend. After giving effect to the Dividand, the Conversion Price of the, Debevilures from been adjusted to \$25.00 per share of manage small.

Cathedral (Wed). Lulu crowned by the German Affred Brendel, piano recital. critics for its dramatic entertain-A FRIEND FOR LIFE Mozart, Brahms, Liszt, Beement as well as for its actors. thoven Konzerthaus (Thur). (Fri) (49.20.91.15) ·

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### CINEMA

# Serenely dotty about death

cas Vanesea Red-grave lead a double life as a lumbul Mai-teso winow? Was Vincent Van Gogh a voice-over? Can fast-breeding toads dévastate a continent? What do the Japanese do at funerals? And down in Darket. is there careway cake still for

Plus: Can two 20th century legends, John Lennon and Hanna Sanesb, grow old gracefully despite the attentions of the movie bio-pic industry? Yes, it is one of Those Weeks. Seven films, seven shellshocked intakes of breath Film critics who bravely try to theme their columns when pos-sible — as in This week we have three films about Anasta sia (and/or) four movies about living with schizophrenia" – live in dreed of such multipleopening marathons. Attacked by yards of celluloid, one searches for the common denominator in films ranging from a British farce about a chocolate factory to a Dutch-Australian documentary about

Falais Veitale Listing Paris In Paris I

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Van Gogh. The only common factor, of course, is that every film moves at 24 Maines per accord: though that is easier to believe in some cases than in others. Snapplest offering is Juso Itami's Death Japanese Style. The Japanese director's debut feature - his splendid gluttony-opera Tampopo was his second film - is a stinging black comedy about death, funeral rites and unravelling social protocol. When a Japanese businessman dies of a heart attack, after dining on avocado and sels, his extended family swoops en bloc upon his country ville. Here, however much they pump up the grav-ity of their funeral manners, the air is constantly let out by a conspiracy of nature and

human nature. Children get under everyone's feet. (They even bring their homework to the morgue). Grown-ups fall to suppress their own dait impromptus over the coffin. ("His ear is changing colour.") For some the call of appetite sex and food - defeats the call of self-restraint. And even

DEATH JAPANESE STYLE Juzo Itemi

CONSUMING PASSIONS

Giles Foster

**IMAGINE: JOHN** LENNON Andrew Salt, David Wolper

HANNA'S WAR Menahem Golan

> VINCENT Paul Cox

A SUMMER STORY Piers Haggard

> CANE TOADS. Mark Lewis

mitted on their mourning menpers, the result can be sensibly dotty, as when they sit down at the undertaker's request to watch a video on the "ABC of Flinerais."

As in Tampopo, hand is a comic saboteur working in the. gap between Japanuse propriety-and-rifusi and Japanese lust-for-life. And as in Tonpopo, his fondest fromy is that the twain are bever far apart. Byen when chees strikes - a rainstorm during the guests' impromptio motorcade to fatals takeaway food - new, insener rituals from from the wreckage of the old. The scene of Chop Surry containers being persent from car to meeting car in the sheeting rain is a cross between I's A Enockeut and the Ben-Hur chariot race. It proves - like the rest of the movie - that Itami is the most symnastic social humorist in

Consuming Passions is to gyain nastic humor in the cinama when the guests do keep their what Gerald Ford is to sero-

cinema today.

plane steps. Directed by Giles Poster from a playlet by Mich-ael Palin and Terry Jones, this auto-destruct comedy portrays mirth and murder in a chocolate factory. We begin in the style of early Norman Wisdom, wobble into the Boulting Brothers and end up as "Carry On Cannibal.

When three workers accidentally fall into a chocolate vat. their contribution to taste sensetion results in souring sales. So what can whis-kid marketing manager Jonathan Pryce do - tossing his yupple fore-lock and ending each sentence with "Yah?" - but keep finding more humans to put into

Also involved as hilarity tries to spiral: quarulous boss Fraddis Jubes, twit employee Tyler Butterworth (son of Peter), Tyler's girlfriend Sammi Davis, and Vanessa Redgrave as a madcap Maltese dance instructions. Miss R typifles the whole enterprise. Crunching out her lines with a toffee-and-broken-glass accent - she soimds like Melina Mercourt on drawn - she versoe away hisvaly, gots a lew grateful giggies, but finally expires, starved of the oxygen of a good

imagina: John Lennon, Andrew Sait and David Wolper's documentary about the late Beatle. shows that truth is stranger than liction and that PR is a stranger to both. Neither the "man" not the "myth." to borrow the whiskery old trope used in the film's publicity, is ciently focused in this 100-minute imeze-polish job. For all the "never seen before" home movies by Yoko One and clips of Lennon at

work, play and even love, we are shown nothing to deat or inflect the picture of our hero me a minetrel saint torn unifically from the world. The some, which should speak for themselves, are never allowed to ("Help" was - guess what - a "cry for help"). And the non-participation of other Beatles further suggests that this is a family occasion only. Nice remarks, lots of flowers, and his one - save a venomous sally from American cartoonist

Al Capp which not even Salt

Scottish C.O., pegging out on the battlefield to ghostly bag-pipes: David Warner hissing villainy as a Hungarian hitman for Hitler: and Donald Pleasance doing his derangedcodfish routine as chief tor-"Speak!Speak!" he turbr. screams at poor Hanna, clearly having no more respect for the prisoner's age-old right of

allence than our current gov-

and Wolper could resist - to still vitriol on the carpet.

Hagiography is also the

mode of Hanna's War. Mena-

hem Golan - the man who

brought you The Delta Force,

Over The Top and the Elstree

Studios sell-off - now brings

you the story of Hungarian-Jewish wartime heroine Hanna

Senesh, Miss Senesh died

before a firing squad in the last days of World War 2 after ref-

using to betray resistance

Though better than it might

be - with Maruschka Detmers

(Godard's Carmen) an out-

standing Hanna - Golan's film

still sacrifices power and pun-gency to a bruising length (2% hours) and a clutch of semi-

crazy campos. We have

Anthony Andrews as Hanna's

in Vincent the week's third real-life legend is brought out from RIP status to face the cameras. Or at least the sound-recorders. Dutch-Atistralian film-maker Paul Cox (of Mon Of Flowers and Cactus) takes the letters of Vincent Van Gogh and has John Hurt read them out for 1% hours over images of V.G.'s favourite landscares in Holland and

There are moments of Damasome recognition and revelation. (When Cox blur-whires the camera past fields or flowers, the screen comes alive with the painter's tortured stippling and hallucinogenic shimmer). But the final effect is of bomberument-by-genius. Great perceptions are rasped out at great length by an actor whose crotund, born-to-suffer drawl has become, alas, one of the cliches of modern British

A Summer Story is a prettily shot Galsworthy tale, entangl-

assume they look alike until

equally catty Liza Minelli.
The British are parodied in

proportion to their success.

Cameron Mackintosh is por-

trayed as Napoleon with dolls

and trinkets lining his cape.

"Rich people pay 20 bucks for a

shirt," sings a waif-like figure

from Les Miserables, "that has

a pauper on it." A buck-toothed

Sarah Brightman bellows

When I marry Andrew Lloyd

Webber, I'll be the centre of the

Phantom craze, And I won't

have to show up for matinees."

Gerard Alessandrini brings the

production to the East Side

Theatre after five years

unstairs in a West Side restau-

rant. If the change is a sign of

joining the establishment, the

numbers have not lost their

bite. George M. Cohan delivers

"Give my regrets to Broadway!

Till some new shows come

slong," a reminder that the

Creator, lyridat and director



Vanessa Redgrave and Jonathan Pryce in "Constrming Passions"

ing turn-of-the-century yuppie James Wilby with Dorset farm girl Imogen Stubbs. He has sprained his ankle on a country bike, her aunt Susannah York puts him up, the girl and boy fall in love. Pregnancy. candal and elopement beckon. Will true love conquer all? This is the kind of movie in Which characters usually wear straws in their mouths and mutter, "Arrh, but "twill come to nought, I vow." They avoid the Mummerset Curse here. thanks to up-grade acting and Piers Haggard's measured direction. Only the framing scenes - Wilby returning to the scene of romance 18 years later wearing the world's worst

faise beard - smack of ho-hum

or hokem. Penelope Mortimer

scripted, Kenneth Macmillan

Last and not least, Cone

finely photographed.

from Edinburgh, where it had lestivalgoers chortling in giee. It's the story of the ugly amphibian introduced into Australia from Hawaii in 1935 to eat the crop-destroying cane grubs. But instead of eating the grubs, it ate and terrorised everything else. And multiplied. As of now, the creatures have colonised Queensland carbeling highways and overrunning front lawns - and are fast moving in on Sydney Mark Lewis's 45-minute film is part guffaw, part Awful Warning, and it shows at the Everyman Hampstrad with another highly-esteemed Aussia movie High Tide (director Gillian Armstrong, review next week).

Toads. I praised this black-

comedy-cum-eco-documentary

Nigel Andrews

# The Father

COTTESLOE

a bleakly agonised pre-lude to Miss Julie, has been too long absent from the London stage. A disastrous Greenwich revival with Patrick Allen and Vivien Merchant was scant compensetion for the appetite excited by distant accounts applauding three of the century's greatest actors - Michael Redgrave, Wilfred Lawson and Trevor Howard - in the role of the

maniscally obsessive Captain. This Adolf is a deranged mineralogist much moved by recent scientific allegations that no father can ever be sure of his paternal status. The three-act piece, given by the National Theatre in the Cottesloe auditorium for an umbroken two hours, is riven with Strindberg's own abusive distrust of his wife Siri, and his scathing disapproval of how she proposed to bring up his daughters.

suited to the vengeful biliousness of John Osborne who. working from a literal translation by Jones Gustafson, ends up with a text of corrosive disgust. In the opening scenes, the servant Nojd (Stefan Escreet) cannot be sure whether or not he has impregnated a local girl "because so many others have been up there.

In the long term, one hopes Osborne will find renewed sting in his own juices, but the half-way house of translation is one he has often occupied with distinction. David Leveaux's production does him proud, bathing the domestic horrors in the sickly grey light (devised by Christopher Toulmin) of a receding corridor-like arene into which characters burst in a sequence of dazzling transfigurations.

With its plum red retiring arena, totemic military tunic on a clothes-stand, and echoing footsteps that could also be

heart-beats, Annie Smart's design has the mythic gravity of the House of Atreus. This matches the grawing dilemma of Adolf, reeling from doubts dropped in his ear like henbane, whose daughter Bertha (Sarah-Jane Fenton) must either eat him or be eaten. Only the Nurse's intervention prevents an incestuous union at pistol point.

Anton Rodgers was first announced as the Captain but left with the time-honoured excuse of "artistic differences." Alun Armstrong falls on the role like a starving dog on a lump of raw meat. His speeches become longer in inverse ratio to his temper. This Adolf, on the brink of a scientific break-though, is himself in the grip of emotional break-down. Armstrong, a potato-faced actor of headlong emotional intensity, foams and ferments until he explodes. His classical analogising with Tele-Its tone of voice is entirely machus and Penelope. Hercules and Omphale, is, in the true sense of the word, pathetic. By this time he has been goaded into a strait-jacket by the suggestions of his old Nurse (Geordie-accented Jean Heywood), a process described with brilliant physiological exactitude, a Strindbergian hallmark. The child was a

> she's a clamp. Susan Fleetwood returns to the National in spectacular form as Adolf's wife Laura. Much tension derives from her own ambiguous behaviour, drained by the rows and wiping away tears with the backs

> bond in the marriage, now

Her effortless ascendancy over the Captain certainly constitutes an unconscious tyranny, so that Armstrong's mysogynist outbursts seem less gratuitous than pathological. Herein lies the evening's disturbing richness.

Michael Coveney

### Festival of Sound

### WIGNORE HALL

The pun is undoubtedly intentional but the summer festival in ouestion is held at Party Sound, on the shores of Georgian Bay in northern Ontario. This is the second time that the Festival has dispatched a contingent to London, and very welcome. What goes on at Parry Sound seems to be much like the aunual affair on another northern Kuhmo in Finland: lake. chamber music, informostly mally presented but intensively prepared by performers who are there because they

Among the visitants this time are the planist Anton Kuerti and the clarinettist James Campbell, respectively the founder and the artistic director of the Festival Like Kuhmo, the Sound favours mized programmes. To conclude Wednesday's concert (there are two more, tonight and Sunday) Kuerti led the Allegri Quartet in an exhibitatiing performance of Schumann's Piano Quintet, after delivering Beethoven's sonata "Les Adieux" with knife-edge dramatic sense, and the utmost energy and clarity. Besthovenplaying of this order deserves further London hearing.

Kberti was also a acrupulous accompaniet in Schumann's Frauenileds that leben cycle. in which the young Canadian Jean Stilwell displayed a mer-20-soprano of Ponerous pusiatic calibre and vivid modeal personality. She could do more still with the words, by way of fixing the exact sense of each sons but they all had the reconant crunch of musicianly commitment. And on the strength of her "Parto, parto" from La Clementa di Wio, she ought to fill the breeches rule

of Mozart's Sexus excitingly Campbell's ruminative coulgato clarinet enhanced that aria, and he also led the world première of a Clarinet Quintet by the senior French-Canadian composer André Prévost, commissioned for the occasion by the CBC (Canada's equivalent of the BBC). Prevost's individuni idiom is now settled stripped-down and consistent mildly astringent, stonal but neo-romantic, anxiously bent upon communication - there are no private games in his music. The three concisely fraught movements of his Quintet made their expressive

points with precision. David Murray

# Parody alive and well in New York

Nothing attests the health of New York thesize pione than a sixth incarnation of Forbidden Broadway, with its emusing. malicious needling of hit shows. Never mind that half the production resuscitates old numbers and hoofers. The other half covers the recent Broadway season: Joel Grey's production of Cabaret Stephen Sondheim's Into the Woods. Patty Lupone in Anything Goes, David Mamet's Speedthe Plots and M. Butterful. The jibes still strike home making fun of the actors behind the characters, sending up the commerciality of the successes and ridiculing the losers. Sondheim conducts a sing-along of the theme to Into to the woods, transmuted to "Into the Words." Patty

Lupone sings, "I Get a Kick out of Me. and David Mamet recites "I strain in vain to train Madouna's brain." If shows like Into the Woods and Cubaret have already closed, the revival of Am't Misbehaum' is already here as "Ain't Missed a Dinner" in a wicked parody of

the rotund cast. The foursome hit their mark with impressive regularity. Not just the easy targets, like Carol

Frank Lipsius on Forbidden Broadway and the new theatre season sine que non of good parody is Channing with lipstick all over her face, for the revival of West End roles. "Dolly is a Ghi's Best Friend." The new seeson should have or a tap-dancing George M. some numbers besides "Ain't Cohan. Toni DiBuono sets the Missed a Diffier" to contribute gestures and sound of Bithel to future Forbidden Broad-Merman, while Roxie Lucas iotics. With inusical producdoes Mary Martin so well you

tions now averaging 55m, no opening is certain. But some, like the two announced Neil she turns around and does an Simon plays, can be relied on. The first of his new plays, Rumours, opens in November. This intricately plotted farce with mixtue among eight people at a tenth-anniversary celebration sounds in outline like Alan Ayckbourn; the second. Jake's Women, has the air of Fellini, with its story of the six most important woman in a writer's life. Scheduled for Broadway in April. it will be directed by Mike Nichols and may star Donald Sutherland.

The new season should mark the return of the American musical, or at least the absence of British imports. After the recent disasters with Carrie and Chess, even Follies, once the only scheduled transationtic musical, no longer has an exact arrival time. The only other import is Peter Shaffer's play. Lettice and Lovage, in which Maggie Smith and Margaret Tyzack will repeat their Local television stations are already carrying commercials for Leps Diamond. Peter Allen's musical about the notorious 1920s gangater, even though the opening is not scheduled until December. Long in development, Allen sters and provides the songs but has relinquished the book

to Harvey Flerstein, who did

the same for La Cage aux

Folles.

Jerome Robbins' Broadway Dances, with a February opening, pieces together two decades of numbers from On the Town in 1944 to Fiddler on the Roof in 1984. Hollywood continues to inspire Broadway. with musicals in development based on Meet Me In St. Louis, Arthur, and the life of Mack Sennett (Mack & Mabel). At this early stage, every

season is full of hope, though in the past more productions were already up and running. If disappointment creeps up to smother yet another year's promise, perhaps Forbidden Broadway will move to the Great White Way and complete the irony of parody doing better than its subject.

# Can-Can

Flouncing midinettes prowl the

### STRAND

stalls, accosting the more innocuous-looking patrons and shrieking "chéri!" in their Stratford-atte-Bowe French across the auditorium. We Handsome spectacle, a about Paris or even Parce (the natives themselves seem uncertain in the course of the evening). We are also in for some non-vintage Cole Porter. tourist-book oo-la-la and some dance routines whose clumpingly Anglo-Saxon-orientated Gallicism makes the bob number of a few years back, "Jump Up and Down, Wave Your Knickers in the Air," resemble a Schubert Lied for depth and subtlety.

Burrows' original (New York actress, as a dancer she has 1968, London 1954). Terry Par- drive and style: and sporadisons has come up with ingemious and lush designs, interiors and exteriors that glide smoothly together, staircases that move across the stage to Taylor, with much transatlantic experience in these things, directs this story of the initially disapproving judge who the younger practicioner of falls for the proprietress of Le what he refers to as "the low" night with her (note the order stoniness of one who has of things: very practical, the played Molière at the Comédie French) and takes her part Française. Jean Michel Dagory against the moralising League displays a genuine comic peragainst Licentiousness.

of la belle époque, complete that is not a stereotype. with bloomer-discarding prancing and songs like "I Love

"You Don't Know Paree." From a better cru comes "You Do Something to Me," for which relief merci beaucoup. know we are in for a show would-be frenetic pace that ends up a tenacious jog-trot, and stale French froth: the whole thing is an exercise in cliche (abetted by Kenn Oldfield's choreography) and, depending on your temperament and your expectations. numbingly boring or comfortably reassuring. The show's main excuse is

Paris", "C'est Magnifique" and

Donna McKechnie, she of the fabled and Tony-winning excellence in A Chorus Line. No more than average as a singer, Julian More has adapted Abe without much to do as an cally lifts the evening off the ground. Milo O'Shea does the token

Chevalier bit as a mellowed judge with a fondness for what fit into their rooms. And David the programme lists as "les

Bernard Alane, remembered from Bless the Bride, portrays Bal Paradis after spending the with the slightly incredulous sonality as a Bohemian artist. This is the coach-party view One day he should play a part

Martin Hoyle

### ARTS GUIDE

### THEATHE

love doing it.

London Measure For Measure (Barbican). Pick of the RSC London repertoire, a gripping revival by Nicholas Hytner, strongly acted. with witty design references to Lloyds of London and the Pompitict Centre in Paris (688 8861). Oct 28, Nov 4,5,11-15, The Secret Rupture (Lyttelton). Brilliant new David Hare piece for the National Theetre, a satisfical but moving romance on life. love and family politics in Thatcher's Britain. The play of the year (928 2252, ec 240 7200). Besy Virtue (Garrick). Transfer of Ring's Head revival of early

Noel Coward, same parted but

lesser vintage than Hay Fever,

but worth seeing (379 6107).

South Pacific (Prince of Wales). Average and traditional revival of the great Rodgers and Hanimeretain inneical, with Gamma Craven failing to west the baritonal Emile Beloourt out of her hair (839 5969). Pollies (Shaftenbury). Eartha

Kitt and Milliount Martin now decorate Milto Ockrent's strong revival of Southelm's 1971 musical, in which policined marriages. nearly undermine an old burescus reunion in a docused these tre (379 8399).

The Admirable Crickton (Haymarket). Rez Harrison and Edward Fox in enjoyable revival of Barrie's imperishable comedy of class parriers and reversals on a desert island (980 9882, CC 379 4444).

The Phanton of the Opera (Het Maiesty's). (889 2344, credit cards 379 6181/240 7200). Dry Rot (Lyric). Brian Rix returns to the stake after all

absence of 12 years. A genuine

cisssic (437 8686). Sugar Babies (Savoy). Mickey Rooney and Ann Miller repeat Broadway roles and exhibit stamina in a mixed bag. (836 8888)

Utracht English Shakespeare Company opens its Dutch tour of all the history plays with Richard II (Tue), Henry IV, Part 1 (Wed) and Henry IV, Part 2 (Wed).

Stadsschouwburg (\$1 02 41).



SANDEMAN FOUNDERS RESERVE PORT. -- NO LONGER RESERVED FOR THE ENGLISH.

### New York Cats (Winter Gerden). Still 4 sall-out. Trever Nunn's production of T.S. Ellot's children's

poetry set to music is visually startling and choreographically felime (239 6262). A Chorns Line (Shubert). The

ongust-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions (239 6200).

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (339 5300).

The Phantom of the Opera (Her Majesty's). Spectacular, emotionally nourishing new musical by Andrew Lloyd Webber (839 2244, credit cards 379 6131/240 7200).

Starlight Express (Gershwin). Those who saw the original at the Victoria in London will harely recognise its US incarnstion: the skaters do not have to go round the whole theatre but do get good exercise on the spruced-up stage with new bridges and American scenery to distract from the backneyed pop music and trumped-up, silly plot (586 6510).

Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgertable songs and dated leadenness in a stage full of characters. It has nevertheless proved to be a durable Broadway hit (947 0038). M. Butterfly (Eugene O'Neill).

The surprise Tony winner for

1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy (246 1220).

Speed-the-Plow (Royale). David Mamet applies his hiting sarcasm and ear for the exaggerations of American language to Hollywood, in this screamingly funny and well-plotted expose of the film industry (259 6200).

Stranger Here Myself (Public). Angelina Roux performs two decades of Kurt Welli's songs in a one-woman show covering the composer's careers in Berlin. Paris and New York (598-7100). Phantom of the Opera (Majestic). Stuffed with Maria Biornson's

gilded sets. Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

### Washington Driving Miss Daisy (Eisenhower). Julie Harris stars in the

Pulitzer Prize winning play about a black chauffeur and his elderly, understanding mistress as the South undergoes awaeping changes that cannot help affecting them. (264 3670) Sleuth (Eisenhower), Stacy Keach and Maxwell Caulfield star in the mystery pitting a writer against a mild-mannered travel agent who has stolen his wife's affections (254 3679).

### Chicago

Romeo and Juliet (Goodman) The season is well underway with Michael Maggio's production set in the Italian section of an American city at the and of the first world war. Michael

Cerveris and Phoebe Cates star. Ends Nov 5 (443 3800).

October 28-November 3

Tokyo

### Kabuki (Kabuki-24). Performances at 11am and 4.50cm. In the afternoon: Kagamiyama Gonichino Iwafuji. This play is besed on a scandal that occurred in court shortly before it was written but, in typical kabuki fashion, transposes it to a remoter age. It is noted for its spectacle and stars kabuki's greatest showman Ichikawa Ennosuke III. who plays seven roiss and performs his calebrated mid-air stunk. floating over the heads of the audience. Excellent programme and earphone commentary in English. Tickets also avsilable for a single act. For details, enquire at the theatre (541 3131).

Aoyama Theatre. The 35 Steps. Musical revue by the Shiki Theetre Company, which specialises in musicals and is 35 years old this year. Extracts from major Shiki productions, from West Side Story to Phantom of the Opera (0120-189444). Leningrad

Gorky Theatre. Le ringrad in Peter Schaffer's A. aadeus (Mon, Tues, Thurs), Uncle Vanya (Wed)

Globe Theatre (572 6831). The Bolshoi Drama Theatre, better known as the Gorky Theatre, was founded in 1919 and is one of the Soviet Union's most popular and most innovative companies. Its repertoire is strong on both the classics and on new plays by Russian writers. In recent years its repertoire has been widened to include new. if uncontroversial works from the West, by the likes of Schaffer and Neil Simon.

### SALEROOM

### Forbes scoops up Reagan

passion for signatures - and his humour - in New York on Wednesday. Forbes Inc secured the three top lots in what proved to be a record Americana sale at Sotheby's. Robert E. Lee's letter to Gen. Ulysses Grant suggesting a "suspension of hostilities" on April 9. 1865 was scooped up for \$220,000, along with Washington's letter introducing the Second Congress to the city that would bear his name (\$99,000), and a fragment bearing Lincoln's signature (\$88.000).

For a mere \$4,400 he also book away two autograph etters from the present President to Doris Lily, signed what the catalogue described as a "candid" photograph of him and Miss Lilly. The sale in Munich. Over half of totalled \$1,412,950 with 13 per Wednesday's sale of 20th cencent unsold. Christie's New York sold

Delacroix's spirited small oil, "Christ on the Sea of Galilee," for \$308,000 (£175,000) on the and illustrations for "The House that Jack Built"

Maicolm Forbes indulged his changed hands at £78,125, a record price for the artist. English and continental ceramics also sold well at Sotheby's in New York. The strong prices were said to reflect the large number of fine pieces not seen on the market for 20-50 years, but the top lots had in fact made recent auction appearances. A rare pair of large Rockingham hexagonal vases tripled its estimate by going to a New York dealer for \$22,000 (£12,475), and a London dealer acquired a rare Bow duck box and cover, of around 1756, for \$20,900. The German trade secured a Meissen Chinoiserie coffee pot, 1728-30, for \$19,800. Only 3 per cent of the auction was unsold; the total.

lectors proved more selective tury German art failed to sell, 60 per cent to be precise. The only lot to sell much over DM 300,000 was Alexej Jawlensky's "Mountain," painted in 1912, same day. His recreation of which went for DM550.000. Romeo and Juliet's balcony Karl Schmidt-Rottluff's view of farewell, once in the von a snow-covered village was an Hirsch collection, was bought unpublished work that had nelin at \$380,000. Boldini's interior ther been exhibited or seen on of a women with a fan, how- the market. That exceeded ever, soared to \$242,000. In the expectations by selling to a prisame sale, Randolph Calde- vate collector for DM 308,000. cott's cover design, frontispiece The sale totalied DM3.952.960.

The German trade and col-

Susan Moore

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Friday October 28 1988

# Next steps for Mr Botha

municipal elections. The substantial gains made by the Conservative Party, while not as great as the Government may have feared, underline the fact that President P.W Botha still faces a serious challenge from the extreme right; and the generally poor turnout of black voters confirms that the modest reforms of apartheid fall far short of their expecta-

One difficulty the Government now faces is that the Conservatives are in a position to block any changes at the level of municipal administration, such as the multiracial regional councils promoted by the Government. This will make it even more difficult to win over the country's deeply sceptical black majority.

The best response would be a bold one. If, as the state radio claimed yesterday, the polls produce a mandate for "controlled negotiated reform," Mr Botha should now take the initiative. Stressing the unreality of the Conservatives' vision of Verwoerd-style apartheid, he could restore momentum to the stalled reform process by taking steps to dismantle that pillar of segregation, the Group Areas Act, and release Mr Nelson Mandela; he could also initiate constitutional talks with a cross-section of representative black leaders, which must include Mr Mandela.

### Parliamentary poll

With the municipal elections out of the way, the next electoral challenge to Mr Botha is the parliamentary election which, although scheduled to take place by early 1990, could be postponed if the Government won the consent of the Coloured House of Assembly. This would be forthcoming if the Government began to dis-

mantle the Group Areas Act. Sadly for South Africa this is a most unlikely scenario. Mr Botha has made clear that his definition of reform leaves residential segregation largely intact, entrenches the status of the nominally independent homelands, and maintains the

TWO SIGNALS emerge from racial classification of the Popthe outcome of South Africa's ulation Registration Act. The danger is that the President's most likely response is to con-clude that if modest changes to apartheid fuelled the growth of the extreme right, more fundamental moves would spell elec-

toral disaster. It would be understandable if a post-election review leaves the ruling National Party alarmed, notwithstanding the optimistic gloss on the results which is being offered by min-

### Tipping the balance

An initial analysis of the municipal outcome suggests that, if these results were repeated in a general election, the Conservatives could more than double their present 23 seats in the 178-seat parliament. On the face of it that might not seem too alarming, but only a few more electoral percentage points could tip the balance, bringing the extreme right close to a parliamentary majority, or, assuming the liberal rump survives, to a hung

parliament Given this challenge to the National Party, its supporters might ask why President Botha should implement radical changes which carry the real risk of losing office, either in 1990 or at a later date.

The answer is that white South Africa has no peaceful alternative. A combination of demographic factors (the ratio of black to white will be 8 to 1 by the turn of the century, having been 4.5 to 1 in 1980). the increasing power of black trade unions and the black consumer, township rebellion and a faltering economy are eroding white power.

All this may be lost on the Conservative Party, clinging to a vision of apartheid that abuts on lunacy. An increasing number of ministers appreciate the pressure the country is under, but President Botha has yet to provide the direction and vision the country needs. If he really believes he has won a mandate for change, the coming months offer what may be a diminishing opportunity for the National Party to bring it

# Profits from privatisation

THE SUSPICION that the taxpayer's interest has sometimes taken second or third place to the British Government's wider objectives in the privatisation programme is bound to be reinforced by the Public Accounts Committee's criticism of the sale of the Royal Ordnance factories. In particular the Ministry of Defence's failure to explore fully the redevelopment potential of factories whose closure was under consideration before the sale to British Aerospace looks at best naïve.

Even if the Auditor and Controller General was right to conclude last year that the Government probably secured the highest price compatible with its self-imposed deadline for the sale, it is important that the lessons are properly digested. Not least, this is because such future privatisation candidates as water and rail are large property companies in disguise.

The committee's main criticism relates to two Royal Ordnance sites at Waltham Abbey and Enfield in the Greater London area. Closure had been discussed before privatisation in both cases, although only the Waltham Abbey closure was agreed before the sale. The sites had been valued in 1984 at a total of £3%m and are now alleged to be worth anything up to £400m as development land.

### Development potential

It is notoriously difficult to put a value on property development potential. In an ideal world the Government would have waited until planning consents had been granted in order to establish a basis for realistic valuation. While it is true that the Government had other legitimate interests to pursue in the privatisation which caused it to impose a tight timetable, the size of the potential values involved suggests that it should not voluntarily have turned itself into a forced seller. The PAC is right in recommending that in any similar sales in future planning consents should be obtained before offers are invited.

Given that the Government went ahead with its sale, the question arises whether the Ministry of Defence, the directors of Royal Ordnance and

their respective advisers took adequate steps to ensure that they extracted a good price. Here the PAC is justifiably concerned at the ministry's failure to look into the redevelopment potential, to obtain a valuation based on that potential or to pass on information to outside bidders about the value of property that was likely to be sold.

### Standards of disclosure

Royal Ordnance itself was

more acute, in that it had made a planning application for one of the two sites before the sale. But it has to be said that the company's own standards of disclosure in the annual report before privatisation left something to be desired. According to the directors' report (which is not, strictly speaking, covered by the auditors' judgment on truth and fairness) land and buildings were worth £94m more than their historical written down value of £68m. This surplus was described as being the existing use value on a depreciated replacement cost basis, which follows the guide-lines of the Royal Institution of Chartered Surveyors for specialised properties still in use. But the fact that an alternative use was being considered suggests that some indication of value on an open market basis would have been desirable.

Similar questions are raised in the sale of Rover Group to BAe. But it does not follow that the taxpayer necessarily lost in relation to the property assets in either case. The Royal Ordnance sale was, in effect, an auction. The bidders were reported to include Trafalgar House and Heron, which are among the biggest property developers in the land. It seems highly unlikely that the property values were not thoroughly appraised by such groups. With Rover, the Government's decision to exclude potential foreign bidders such as Ford Motor Company is likely to have been far more damaging to the taxpayer's interest than any failure con-

cerning property values. A sound safeguard for the future, meantime, is for the government to ensure that privatisation candidates adhere more closely to the RICS guidelines than some have done in the past.

# John Plender assesses how the City of London will fare after 1992

# Towards a bigger Bang

or some people in the City of London the single European market belongs in the rather peculiar generic file that contains subjects like devolution, VAT and pensions: arcane specialisms of passionate concern to a very limited section of the populace, which are generally best ignored.

It is a comfortable perspective, but one which could prove expensive since London's future as an international financial centre will henceforth be influenced as much by what emerges from Brussels as from the UK government or the various regula-tory authorities in London. The com-petition faced by individual Londonbased financial institutions will also be shaped increasingly by European Community directives.

For people in the banking and securities business, 1992 so far turns mainly on the Community's draft sec-ond banking directive and the proposed investment services directive, which are the subject of heated debate in Brussels and London. These are primarily liberalising measures designed to spark off a series of Big Bangs across Europe. But while the main City representative bodies broadly favour the process, they fear that London's competitive edge in international financial services could become a casualty of political in-fighting over these and other directives to

At first sight this seems odd. London's markets, like those of New York and Tokyo, are part of a highly competitive tri-polar world which has known no frontiers since capital controls in Britain and Japan were relaxed at the turn of the decade. In contrast, continental European markets have been heavily regulated and very parochial. Capital markets have played a subsidiary role to the banks in the post-war financing of industry in such major economies as West Germany, France and Italy; capital controls have been lifted more slowly there. Why, then, are senior executives in London's better-informed banks and securities houses worried?

The short answer is that the British financial community well understands both the impact of deregulation and the process whereby business migrates from one financial centre to another. The biggest single reason why the Euromarkets settled in London was that the US imposed

Reciprocity is 'a missile aimed at Tokyo which will land in New York and explode on Capitol Hill'

regulatory and tax constraints on US banks' international activities, thereby providing an incentive to move off-shore. And one of the main reasons that the business came to London, instead of Paris or Frankfurt. was that the authorities in London operated an open-door policy for foreign banks, together with a very light regulatory regime.

That openness is now under threat from Brussels, where the European Commission is determined to use the development of the single market to strengthen its arm in trade negotiations. Last week the Commission declared that it would be premature to grant non-EC members automatic access to the benefits of the newly liberalised single market before the

Uruguay round of the GATT estabhishes a new regime for trade in services. Until then the Commission reserves the right to make access conditional on reciprocity, which greatly upsets London-based financiers.

According to John Heimann, the former US Comptroller of the Currency who now heads Merrill Lynch's executive committee in London, the reciprocity weapon is "a missile aimed at Tokyo which will land in New York and explode on Capitol Hill." In other words, it has the capacity to precipitate a nasty trade dispute between the US and Europe. Inadequately managed, this could damage London's pre-eminent position in the European time zone, if non-EC finan-cial institutions are suddenly excluded from London markets. The Community's move to majority voting means that the UK government's ability to protect the interests of its financial services industry, which accounts for a far greater share of domestic employment than in most other Community countries, is impaired.

Another senior official of a big US investment bank, who prefers to remain anonymous, argues that behind the Europe versus Japan and America tussle lies a more devious game: France, which takes a hard line on reciprocity, is battling to wrest supremacy in European financial services from the UK. The relative position of Paris against London might be improved in the course of the battle. And there is a more general concern in the City that Mrs Thatcher's preoccupation with sovereignty has undercut Britain's ability to help shape the future structure of Europe's monetary

system. The Commission has now dispelled some of the immediate fears of the London financial community by declaring that reciprocity will not operate retrospectively: only new entrants will be caught after the implementation of the two directives. It has also indicated that it intends to operate on the basis of national treatment: that is, it will not expect the US or Japan to adopt legislation identical to Community legislation - only to permit EC firms to operate on the same basis there as domestic firms And reciprocity will be discretionary rather than automatic, with the Commission making a political judgment about when and where to strike.

Non-EC firms will no doubt rush to secure their position in Europe before the key directives come into force. But that still leaves a measure of uncertainty about how reciprocity nowers will ultimately be exercised. And on top of these worries, Britishbased firms are concerned about the disappearance of the lightly regulated framework that brought so much business to London in the first place.

The principle of home country control adopted by the Commission means that financial institutions will be granted a single passport to operate throughout the Community mainly on the basis of rules in their home country. This will probably result in lax financial regulation in southern Europe being raised towards the more stringent standards of northern Europe. But if the average level of regulation is substantially below the demanding requirements of Britain's banking and financial services acts, especially in relation to capital adequacy, there will be a risk of regulatory arbitrage. London-based firms could be threatened by less heavily regulated competitors on their home

Mr David Walker, chairman of the



City of London: stepping into a future shaped by Brussels

Securities and Investments Board, has argued that there will be no exodus of business from London and that it is naive to assume that other Community centres will not themselves adopt responsibly high standards. At the same time he sees a need to make the SIB rule book more pragmatic, with a clearer distinction between the rules for private clients and professional

Practitioners have nagging doubts about the outcome. Sir Michael Butler of Hambros, who heads a European committee of the British Invisible Exports Council, is not alone in arguing that the balance between home and host country control of financial institutions has not been properly thought through. He believes that the Financial Services Act may require amendments to cope with the prob-

Worries about unfair competition are particularly acute for the International Stock Exchange, which is conscious that European bourses are no longer as parochial as they used to be and that Paris is being transformed by its own Big Bang. The exchange is concerned that the draft second banking directive has reached a more advanced stage than the investment services equivalent, with possible harmful consequences for its nonbank members. It is lobbying to have the capital adequacy requirements for non-banks brought in at the same time as those for banks.

Most of the big non-EC securities firms do not want to see a dash for regulatory laxity. Keith Clarke, an executive director of the Japanese securities group Nomura International, says the view from his firm is that complex markets must be regulated; but that if London ends up disadvantaged by relative over-regulation, the firm has a problem. Most American investment bankers argue that they already live with stringent home country regulation in the US and believe that a move to the lowest common denominator would be bad for business.

But according to Andrew Stewart-Roberts, a vice chairman of the British-owned merchant bank SG Warburg, the whole logic of 1992 is that business should move to the place in the Community where it can be conducted most efficiently. There is no

escape from regulatory arbitrage, h adds, or from some relexation of the rules in London. Everyone seems to be agreed that the question is how

No firm will move out of London or the basis of regulation alone. The directives are also at too early a stage to precipitate dramatic action. Nor is London at any disadvantage to France and West Germany on stamp duties or the taxation of expatriates Nomura is one of many that see no real alternative to London in conti nental Europe. Mr. Clarke echoes a widely held view that the infrastructure and skills are not yet available on the Continent; and he emphasises the advantages of the English lan-

guage in London. What the regulatory anomalies may do is to accentuate an existing trenc.
whereby securities trading is becoming more centralised while sales are
more dispersed. Warburg, for exam ple, has sent some of its sales people who used to deal in French stocks in London back to Paris, while seeping the market makers in London. Merril Lynch expects to do more trading in continental European centres underthe control of a chief trader in London, while the sales function gravitates to where the chient is.

The single market is, of course about opportunities as well as threats... In a world where cross-border financial activity is bound to increase, the internationalism and sophistication or London-based - though not necessar. ily British - firms should give them acompetitive edge. A US investment hank with a pan-European staffargues David Roche, a managing. director of Morgan Stanley in London is more European in outlook that most domestic European banks.

The experience of Big Bang has generated a feeling in London's financial community that those who fail to move fast will lose out. But as Mal colm Levitt, a partner in management. consultants Ernst & Whinney points out, there are enough uncertainties about 1992 to make a major acquisition strategy difficult at this stage The financial services directorate in Brussels might welcome the emer gence of mega-banks to compete with US and Japanese giants; but the Com. mission's competition watchdogs may feel otherwise.

Yet the 1992 ethos has been sc

### City bodies fear that London's competitive edge in financial services could become a casualty of political in-fighting

infectious that many firms are already locking up capital in strategic cross-border share stakes as a downpayment on future opportunities. This is ironic. For as Hambros' Sir Michae Butler remarks, no one has consid ered properly the question of how to create a single European market is companies, one that would reduce the differences in takeover practices.

If London's Big Bang is any guide the winners in the short run will be the consumers of financial services Companies at below multinational level will enjoy better access to cheaper funds; individuals will contribute less to blosted profits in retail finance. But for the financial Institutions themselves, the competition will be very tough indeed.

# New London

partners ■ Accolades all round for the

London office of Goldman Sachs: three of its members have been made managing directors of Goldman Sachs International Ltd, which is what the London end of the operation is called. Even more striking, the same three have been made partners in the parent firm. Goldman Sachs &

The promotions are clearly a signal that the New York office takes its international business very seriously. One of the last of the large private partnerships in Wall Street, Goldman Sachs has not made such appointments before. The honours have gone to

Gavyn Davies, the chief UK economist, David Morrison, chief international economist, and Michael O'Brien, who built up the foreign exchange department. O'Brien has been at the firm longer than either of the others and has the most direct experience in banking. Davies used to be economic adviser at No 10 Downing Street in the days of Prime Minister Callaghan. Morrison, who started at the Bank of England, has a habit of moving the exchange markets when his papers are published. His essay on Sterling policy and Sterling's prospects sent the pound shooting up last May.

Davies has also accepted a visiting professorship at the London School of Economics. He will give a series of lectures on UK macroeconomic policy. They will subject him to academic scrutiny which, he says, "is not necessarily superior to City scrutiny, but certainly different."

Rotten eggs ■ Ornithologists visiting the Falkland Islands have been horrifled to discover that one component of the local diet is penguin eggs: pleasant

# **OBSERVER**

enough to eat, though the whites stay translucent when you fry them. Consumption offers no

threat to the survival of the species. Indeed, the birds probably outnumber the islanders by 100 to 1. But to the "twitchers" (birdwatchers) a penguin egg is an object of scientific study, not an item on the luncheon menu.

This has created problems for Graham Bound, the head of Falklands Tourism, who is very keen to attract ornithologists and has adopted the slo-gan: "The Falkland Islands - where nature is in charge." He wrote an article in the local newspaper, which is called Penguin News, advising that the "outdated" custom of eating the eggs be given up. That in turn has generated

a barrage of local criticism. The Falklanders will not change their ways.

Whisky & sumo ■ The year 1992 may be impor-

tant, but do not overlook 1991. For it is to be the year when sumo wrestling physically descends on London: at the Royal Albert Hall, no less. It will be the third sumo exhibition tour to a major Western capital, following New York and Paris, and a centrepiece of events commemorating the centenary of the Japan Society.

Sponsorship of the tour, on which the sumo association insists, does not come cheap. Some 40-50 sumitori, averaging perhaps 325 lbs a head, plus trainers, supporters, cooks, hairdressers, tailors and so on do not fit easily into the economy class section of a single jumbo. Nor does the physical paraphernalia, including the ring itself, its canopy, and special dirt for its floor. Thus it is notable that the UK underwriter is the British Distillery Association — presumably in



der how Bush and Dukakis are doing?"

another attempt to persuade Japan to reform its taxes on imported whisky.

Foggitt foxed

A dearth of squirrels in the Thirsk area is hampering the weather forecasting powers of Bill Foggitt, the 75-year-old weather sage who is still smarting after having predicted a halmy summer. "If squirrels early start to hoard," he says, "winter will strike like a sword." He has not seen one yet, so is mable to make any predictions on this basis.

Foggitt is putting less store on the natural signs and more on his weather records when making forecasts nowadays. There was a time when he would consult a strand of bladderwrack hanging by the door every day for signs of rain. "The last gale took it away and I haven't bothered to

replace it," he said. He is, however, showing interest in the unusually mild October. "The maximimum temperature has been consis-

tently above 60 deg F and the average minimum has been around 52 deg F and we haven't had a frost. I cannot recall a milder October so I will be examining my records to see if this is the best when we reach the end of the month. There are four days to go and it is getting colder today."
Foggitt is predicting a colder winter than last, but nothing

spectacular and he is pessimistic about the chances of a white Christmas. The rainfall tends to balance out over the year and it has been particularly wet this year, so I don't expect to see much snow about this winter," he said. Meanwhile he is keeping

an eye on the Soviet Union. We had had winters here in 1812 and 1941, and we know what happened then in Russia. One finished Napoleon off and the other stopped Hitler in his tracks."

Grosz pledge

■ Nearly all political leaders stay too long, whatever their initial intentions. Here, however, is a firm pledge from Karoly Grosz, the Hungarian General Secretary and great admirer of the British Prime Minister. Grosz says that he will remain General Secretary only until the next party congress in 1990 and will depart altogether around 1991-92. The reason is that he does not want to repeat the mistake of Janos Kadar, who stayed for over 20 years and had to be forced

Grosz made his statement to Paul Lendvai, whose book - Hungary: The Art of Survival - was published by I B Taurus yesterday.

Fading glow

■ The glow-worm conversation: continued: "How is your youngest?" "Oh, dear, we are having problems. He was arrested at a barn dance for arson, but he managed to wriggle out of it."

# Half way to Heathrow

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f Mrs Margaret Thatcher means what she says shout the environment she should create a new agency under a committed new minister. Is the serious? She has cer tainly been eloquent. "No generation has a freehold on

this earth." the Prime Minister told the recent Conservative Party conference in Brighton. "All we have is a life tenancy - with a full repairing lease." Her tone should be contrasted with that of her present works manager, Mr Nicholas Ridley. "The difficulty with the Green lobbies," the Environment Secretary said at a Bow Group meeting in that same week, "is that they see it as a religion, while i see it as a science." So does Mrs Thatcher, but she knows when not to sound dispassionate. "It's we Conservatives who are not merely friends of the earth," said she, neatly snitching the title of one of the most well-known green lobbies, "we are its guardians and trustees for generations to come." Mr Ridley, for his nort, believes that "making the environment a political vote-catching exercise would be nothing short of

It is therefore hardly surprising that so many Conservatives, including some of Mr Ridley's colleagues. have been shaking their heads and saying that he is not the man to convince worried voters that the Government really cares about acid rain, pollution, dirty rivers, the greenhouse effect, or the hole in the ozone layer. This may not matter now that the Prime Minister has herself taken up the exercise of political vote-catching. Even so, the betting is that in next year's reshuffle Mr Ridley will be

Some will say that this is unfair. Donning her green mantle. Mrs. Thatcher has talked about cleaning the industrial rivers of the North and Midlands, reducing use of the gases that attack the ozone layer, cutting down the emission of sulphur and nitrogen oxides from power stations, and the like - but most of it is just a recital of the Environment Department's work under Mr Ridley's management. The nub of the matter is whether Mrs Greenmantle has been signalling a shift to a new intensity of concern for the environment, or whether she has merely been making more populist speeches than Mr Rid-

The Environment Secretary must believe the latter, for he said in Brighton that "there is no question of . . . some sort of 'conversion'." The Government had been steadily working towards the objectives set out by the Prime Minister. "Her speech will enable us to press these initiatives with greater force . . . " His colleagues take a larger view. development, but his methodology is "She really has got the bit between rational her teeth," says one. "It's not just talk, it's a statement of serious to environmentalism. Since the Cher-

intent," says another. The question is - intent to do has begun to move towards a more what? If you think about it, Mrs American or continental European Greenmantle may need not only a dif- preoccupation with the destructive ferent secretary of state to promote effects of industrial development. Mr her environmental vision, but, if she Ridley has met this head-on, too. The



# Playing with green tire

By Joe Rogaly

As to Mr Ridley, the general complaint is about his image, period. It is not hard to find defenders who insist that he is an effective departmental minister, from the Government's point of view. He has put through the poli tax, wreatled local government to the ground, presented a seminal housing bill and prepared the way for water privatisation. When it comes to the environment finelf, he is proud of his hard-headed, scientific approach. To many people the essence of environmentalism is still protection of the countryside from developers; Mr Ridley has met the suburbanites and villagers of the south-east head-on with economic arguments and an explanation of the planning process. He is weak on the long-term and unquantifiable disbenefits of reducing the acreage of green fields, and he seems to be temperamentally biased in favour of

There is, however, another meaning nobyl disaster British public opinion is sincere, a new machinery of gov- way he sees it, anyone can make emo-

ernment to put it into practice. Let tional declarations about this or that me explain. cess, but a responsible minister must insist on scientific evidence and follow it with rigorous economic analysis. Only then can be decide whether to support a particular programme of conservation, cleaning-up, or whatever. Each proposition needs to be decided on its merits. He acknowl-

edges that there are rare cases where

precautionary measures should be

taken before proof is absolute. This sounds all fine and dendy, but the Europeans in general and the green lobby in particular see it another way. Britain, they say, has been dragging its feet in most international negotiations. It has usually bid for the lowest degree of stringency in any particular regulatory proposal, whether it comes from the European Community or elsewhere. Mr Ridley's list of achievements contains some that are too little, as on control over lead in petrol. Many are late, as with the exclusion of dangerous metal outfalls from factory sewers. Perhaps he has the wrong advisers. Mr Jonathon Porritt, director of Friends of the Earth, seems to think so. Faced with an allegation that something is hazardons, he says, British scientists, tend to ask "where is the pile of bodies?" They then require irrefutable

proof that the corpses have been

killed by exposure to a specifically British pollutant. So says his new book, The Coming of the Greens, written with David Winner.

Historians will have to wade

through a great many details to discover who is right about past practice. My impression is that Britain's recent record is embarrassingly poor, but that it has been improving of late. If there have been brakes on progress they have had as much to do with internacine Whitehall struggles as with chanvinistic scientists, or growth-and-be-damned Thatcherites. For 93 per cent of the Department of the Environment is really concerned with housing and local government; its tiny environmental appendage has been able to make proposals, but powerful opponents have thwarted or delayed them. The Department of Energy held up plans to curh emissions from electricity generating plants: the Ministry of Agriculture has defended the farmers' use of nitrates: the Department of Trade and Industry has received the private companies' lobbies. The Department of the Environment seems to have swallowed the motor industry's protestations against the fitting of catalytic converters without any assistance.

Mr Ridley does not appear to recognise the existence of private sector

lobbies and private company cosy relationships with other government departments. His response to ministry protection of public sector industries has been to promote the principle of arms-length regulation. His water bill will provide for a national rivers authority with power to remove licences from companies that transgress. The effect will be purer water. at a cost, one gathers, 10 per cent higher in real terms than is incurred today. The message, that greenery is not free, is plain.

Electricity is another expensive matter. The Prime Minister is trying to persuade the country that nuclear power is safer than the hurning of coal, oil and gas, which contributes to the greenhouse effect. Chernobyl will make her case difficult to parene, the problem of disposing of nuclear waste will make it even harder. In a curious reversal of roles the green lobby is arguing that nuclear power is too costly while the Government is beginning to say that everything else is too dirty. The Department of the Environment does not appear to have the clout to make a decisive contribution to this particular dehate, which is so momentous that probably only Downing Street can hope to make any head-

it would be assisted if there were a minister of Cabinet rank whose sole departmental client was the public interest from the environmental point of view. (Room could be made. The Departments of Employment and Trade and Industry could be merged, with the Department of Energy thrown into the pot. There would be two vacancies at the Cabinet table). Such a minister would get nowhere unless he or she was rigorous, scientific, and mindful of the imperative of growth - but the department would. from the start, represent its client. It might also foster open public debate about the major issues regarding the environment, as, in the US, the Knvlronmental Protection Agency did with last week's report on the greenhouse effect. A like body could not easily be transplanted to the British polity; a green department might be the best high-level answer.

For Mrs Greenmantle has started something whose destination even she may not comprehend. The environmental case is felt most strongly by politically aware young people. At the far edge many of them find it impossible to reconcile continuous growth with protection of the planet. Like Mrs Thatcher, Mr Ridley disagrees. "It is not necessary to go back to living in caves, to bair-shirts and peat fires . . . for mankind to survive as a species," he says. He quotes the conclusion of the commission under the chairmanship of the Norwegian Prime Minister, Mrs Gro Harlem Brundtland, that sustainable development - growth plus protection of the environment - is possible.

The question that remains to be addressed by the British Government, as by all EC governments, is, how much development? How much growth? The debate will go on and on and on. Mrs Thatcher has brought it out of the closet. It will not go back.

### LOMBARD

# Car phones on the gravy train

By Hugo Dixon

his week's flotation of Racal Telecom has highlighted the fact that the cellular telephone business is extremely profitable. In fact, profits are about to become EXCESSIVE.

Racal Telecom was only able to achieve a valuation of £1.7bn because of forecasts that its operating profits would leap from £80m in the current financial year to £350m in 1993/94 implying a return on capital of 100 per cent, about five times the market average.

In a normal industry, such a return would be an irresistible temptation for competitors to set up rival services, undercut prices and steel market share. Cellular telecommunications. however, is not a competitive industry but a deopoly. Apart from Racal Telecom, only Cellnet (a British Telecom subsid-

There is not enough competition in this market because its key resource, the radio spectrum, is so scarce. The air waves are needed for a great variety of other purposes television, radio, defence communications — and so only a small portion has been allocated to cellular telecommunications.

The operators can fit only so many phones on to their part of the spectrum; if they tried to cram in more, they would end up with disgruntled customers. This is already happening in London, where the air waves bave become so congested that subscribers cannot make calls when they want to.

The operators therefore know it would be foolish to engage in a price war, the only result of which would be to reduce profits and overload their public relations departments with complaints. Much more sensible, then, to keep their prices high - and watch the profits rolling in. What is rational for Racal

and Cellnet, however, is not necessarily rational for the UK. Although the operators should be allowed to keep those profits which are the result of their own investment and entrepreneurial flair, they will only be able to make triple-digit returns because they have been given exclusive use of a valuable resource. The air waves belong to the community at large. The excessive profits generated from their successful exploitation should therefore be returned to the community.

There are three main ways of doing this; two bad, one good. Forcing prices down the method used to prevent BT from earning monopoly profits on mainstream telephone services - would simply lead to excessive demand and angry customers. Fixing a maximum rate of return - the US method of regulating monopolies - would remove any incentive for operators to cut costs, because they would know that, however inefficient they became, profits were guaranteed.

The best solution would be to auction off the radio spectrum. This would have the benefft of raising revenue - an annual rental fee of £100m for each operator would seem about right - without resulting in either congestion or inefficiency.

The Government should auction all parts of the radio spectrum, not simply that used for cellular telecommunications. It would then have an objective yardstick for allocating the air waves between competing services. A secondary market, in which companies bought and sold radio channels freely, would be a further improvement; this would enable companies which had misjudged the demand for their services to recoup part of their invest-

Undoubtedly there would be squeals of pain if such a system were implemented. The television companies might only be able to afford enough of the spectrum to transmit one channel - or the armed forces might be unable to justify spending billions of pounds each year for the large chunks of the spectrum now occupied for defence purposes.

But the discipline would be healthy, because whichever organisation was prepared to pay the most would have shown that the community places a higher premium on its services than on its competi-

### Barlow Clowes

From Mr B.D. Davis. Sir, Reading about the Barlow Clowes affair, I am left wondering about two things: Would you say I have a claim on my licensed bookmakers for a losing investment I made on a horse in the Ayr Gold lap race which they themselves sponsored? And have they any claim on me for a profitable investment I made on a borse named So Careful in the same race? E.D. Davis, 16 Trinity Drive, ...

Carnforth, Lancushire.

### Retirement costs in the US

From Mr Keith Wallace. Sir, it was slightly misleading to print Mr Louis Kleber's letter (October 25) under the heading "Beware of poison pills". A poison pill is a device consciously entered into to

deter predators.
US medical costs do not meet
this description. US corporations have offered free medical cover to their pensioners. The costs are frightening - and growing - and the cover has become a legal liability. Both the US and the UK have introduced accounting standards under which pension costs are to receive more accurafe reflection in company accounts. But in the US, postretirement medical costs need only he shown when paid -despite the fact that the liabil-

ment. If US accounts on post-retirement medical care had to mirror the treatment of pension costs (as they ought in all logic to do) the necessary balance sbeet provisions would be so large as to suggest insolvency in some cases. Management, bankers and investors - as well as predators - should

ity is being stoked up as the

US medical costs are not a poison pill: a poisoned chalice possibly, though I suggest "time bomb" would be more Keith Wallace Richards Butler,

61 St Mary Are, BCL

### Pay TV viewers must be treated as consumers

lent letter offering a solution for pay TV (October 17). However, I found that I could not agree with his argument, nor could I find any relevance or place for the solution in the

With pay-TV the viewer has to be considered, or treated, as a consumer. As soon as he or she makes the "buy" decision to pay for the product (channel/programme) he is then included, as Mr Rose puts it. But until that moment he and all other viewers are excluded, regardless of the cost.

By definition - by the very

From Mr Terence Le Poer nature of pay-TV – it is extremely capital intensive and sir, Mr Rose wrote an excel- wholly speculative. It doesn't take a rocket scientist to conciude that high risks and high returns are possible if the supplier gets it right. The laws of supply and demand and required operating margins apply to pay-TV just like any

> other product, So I must ask: where else is there a scheme by which, after the sale, the consumer at some possible later date would expect to receive reimbursement because demand has

To businessmen, surely the wisest decision has to be that any such money is re-invested

objective of management

ceases to be investment in job

creating opportunities, but

rather becomes the reduction

of debts. That this may not be

in the public interest was dem-

onstrated by the decision to

refer Goodman Fielder's bid for

Rank Hovis McDougall to the

in the service. Furthermore Mr Rose's argument is actually incomplete; what if the number of subscribers fails to achieve the forecast level? Then of course, the contract should provide for a premium that is retrospective . . .

I rest my case. Others can decide whether or not Mr Rose's idea could be considered, in his words, a "true market solution." But I conclude that is not the case, because academic economic theory has been confused with practice in the real world. Terence Le Poer Trench, 27 Thornhill Road, Survition.

### Wider issues emerge in the UK beer industry

From Mr John L. Marshall MP. Sir, Your article about the bid by Elders IXL for Scottish and Newcastle (S&N) Breweries (October 24) unfortunately ignored two of the chief issues involved.

The first is Elders' gearing.
If Elders were to use British accountancy methods, then the bid could result in a company with gearing of well over 200 per cent. The problems associated with high gearing are only too obvious. The primary

From Mr David Smyth.

Monopolies and Mergers Commission (MMC). Second: the whole beer industry is currently the subject of an MMC reference. A merger between S&N and

Courage would create a major new force in the industry, with at least 20 per cent of the mar-

Such a move would scarcely enhance the competition, Surely it would be illogical for the MMC to investigate the structure of the industry – but not to be asked to investigate a merger which would affect the structure of the industry? John L. Marshall, House of Commons,

### City markets re—evaluated a year later

Sir, A year after the market crisis, it is interesting to re-evaluate - returning to first principles - the role of the City and its institutions. The original purpose of the Stock Exchange was to provide could raise money from investors in a controlled way, within a framework of sensible regulations. Does this still exist? It is possible to claim that this purpose has been completely lost sight of in the merger market following de-regulation. Access for the small investor is via an intermediate operator - a bank, a unit trust and so on. All these

are subject to the pressures of a volatile, rumour led market. The small company needing capital to expand has no practical access to the market. Both the main market and the so-called unlisted securities merket are hedged about with does it mean in the real world - Aylesford, Kent.

written and unwritten rules which prevent the market serving its original purpose. A closed circle of solicitors, accountants, merchant banks and other advisers who control access to the funding required deal with new aspirants to a listing. In practical terms, a company will have to be able to spend at least £250,000 to raise any capital. This removes, for 90 per cent of all British business, any possibility of attracting investors

The money holders - pension funds, insurance companies, banks, investment trusts - have gained access to an enormous percentage of the available funding. This has inevitably led to a situation where rumour is king. In how many quoted compa-

when a columnist writes: "Share prices fell back when the results, showing a 10 per cent improvement in turnover and profitability, did not meet the market's expectations"? Reality has fled when the most exciting markets are not operating in a real commodity like a company share, but in artificial markets dealing in options to buy something intangible at a future date, or, even more absurdly, in an option to buy an option. Is any purpose, other than the transfer of wealth from one already

wealthy institution to another.

There is no stability inherent in the structure. We saw this a year ago, with most of the nundits pointing out that this was at most a technical re-adjustnies has the stock market valu- ment. Was it? David Smyth, ation any relation to either the asset value of the company or . Teleconnect Holdings, the current trading level? What 2 High Street.

served by these markets?

# LETTERS Now Pay TV views and by the same of the same o

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# FINANCIALTIMES

Friday October 28 1988



# Hungary steps down the capitalist road

James Blitz, recently in Budapest, analyses the problems of implementing Eastern Europe's most ambitious and far-reaching package of economic reforms

VERY Monday morning at about 10 o'clock, 30 Hungarians congregate in a room on the first floor of a Budapest office block. They sit at a long rectangular table, each clasping two pages of statistics. A chairwoman stands up and calls into a microphone to start proceedings.

This is Budapest's stock exchange. The recent inauguration of a stock market is part of a package of reforms that may change the face of Hungarian socialism. And the future of these reforms will be closely observed in the communist world, not least in the Kremlin.

Hungary has been the outstanding pioneer of economic reform in the East bloc, ever since Mr Janos Kadar, the former party leader, introduced the New Economic Mechanism in 1968. In recent years, Moscow has set great store by the country's example, especially since a number of recent Soviet reforms, such as those in agriculture. were first kindled on Hungarian territory. Mr Gorbachev and the Hungarians share the same goal: the introduction of Western-style reform that does not com-

promise the party's leading role. Hungary's results so far have been mixed. The New Economic Mechanism has ended the principle of direct central planning and has given enterprise managers some room for initiative. A degree of private enterprise has been permit-

But in practice, the reform has only brought change to agriculture and to the retail sector, both of which have flourished. In industry, state subsidies remain excessive and the Government has continued to prop up factories that would otherwise have gone to the wall. Taxation levels are astronomical.

But there is change on the horizon. In the next few weeks, the Hungarian Parliament will yote on what could be the most ambitious economic reform undertaken in the East bloc. It is a twopronged programme that on the one hand will reduce state subsidies and increase the liquidity of the economy; and on the other, it sets up some of the financial institutions familiar to capital-

On the first count, Parliament passed the Law on Associations earlier this



Rail cars at the Raba factory: the state takes 80 per cent of profits

month, which Hungarian economists say has an importance it is difficult to exaggerate. It legislates for the setting up of joint stock companies. allows them up to 500 shareholders and the same number of employees. Until now, the maximum number of employees permitted has been 30.

The law gives private entrepreneurs the opportunity to raise capital from a variety of sources, ranging from the next door neighbour to one of the half dozen lending banks set up recently. The legislation is most welcome to Mr Zoltan Csomai. He heads an "innovation centre" in the north-east town of Miskolc where he finds financial backing for private firms at the embryo stage. "There are 15 companies here that have been waiting to raise capital under the new Associations Law," he says. "So far people setting up companies have mainly had to invest their

provides a much wider opportunity." The law is also important to Hungary's leading enterprises. Several management boards have already liquidated themselves and issued a 100 per cent share flotation. Skala, Budapest's largest department store, was until recently owned by the state. It is now owned by a group of agricultural co-operatives. Medicorp, a large company manufacturing medical instruments, has also

own money in ventures but this law

undergone a 100 per cent flotation and is attracting foreign shareholders. There is, however, very little chance of widespread share flotations unless there is a huge reduction in the level of subsidies and taxation. All the Hungari-

ans have done so far is set up the capitalist institutions without giving people much capital. Consider, for example, the case of the Raba factory in the western town of Gyor. It is one of the largest producers of railroad cars in Hungary, but last year about 80 per cent of its profits were deducted by the state. The company's management team say they have

great difficulty investing in their own

plant, without even considering whether they can buy shares in any new venture. The Government says it is determined to tackle the problem. According to one of the Politburo's leading reformers, Mr Rezso Nyers, state subsidies to both industry and the consumer should be cut by half over the next three years. The subsidies currently stand at about 200bn forints (\$3.8bn) or 20 per cent of GDP. The aim is to reduce them by

Will this really mean that factories will close and workers go on the dole? That has always been a key ideological problem for socialists, but Mr Nyers

35bn forints each year until now and

acknowledges that some ailing indus-tries will no longer receive the same degree of support. Mr Nyers estimates that about 60,000 workers will be laid off in 1989, although many will find jobs again in a country where "moonlight-

ing" remains the norm. There will be pockets of acute unemployment, however. Take the Lenin Metallurgy works at Miskolc, one of the 10 largest industrial complexes in Hungary. Its manager, Mr Laszlo Drotos, has been forced to restructure the company of 14,000 workers in the face of poor demand for steel products and the determination in Budapest to cut subsi-

"We used to say we would guarantee full employment to the region," he says, "but now politicians are saying it is the duty of the enterprise to ensure efficient employment. He thinks that half the workforce could be laid off in the next two years.

Such measures would allow the Government to reduce taxes, and already Mr Nyers has forecast a cut of 6 per cent in personal income tax in the forthcoming budget.

The three-year plan is nasty medicine for the Hungarian people to swallow. A cut in subsidies will mean price rises, and unemployment is totally unfamiliar to the workforce. "In the short term, we will have to manoeuvre against public opinion," says Mr Nyers. Such words are not spoken lightly after the Polish Government's experience with similar policies this year.

But reform mania is strong, especially in the capital itself. The hurdle of socialist ideology is one that has been greatly surmounted. The talk of Budapest officials teems with bond markets. joint stock companies and share owner-

It raises the question of how exportable Hungary's economic revolution can be, especially with regard to the Soviet Union. Hungary may find itself one day too much in the bosom of the West to be an example to the rest of the East bloc, whose reforms are some way

The hope is that Hungary will pioneer a reform that is not too radical to be unique.

# A sanguine view of the trade gap

If the UK trade figures for September had been anywhere near as good as they looked at first sight, the pound should have jumped by considerably more than 2 pfennigs. At its level on the eve of the Chancellor of the Exchequer's Mansion House speech last week, and while the reasons for its subsequent sharp fall sheer scale of the erratic items in the latest figures, combined with unease about the accuracy of the seasonal adjustments, meant that even the Government felt it necessary

to issue a health warning on

the figures.

After all, it was not so long ago that a £560m (\$974m) current account deficit would have sent sterling into a nosedive; and after adjustment for the various funnies in the latest figures, the real deficit is probably still running at over £1bn a month. Over the last three months, import volumes are up by 6% per cent over the previous quarter, while exports are unchanged. The gilt edged market may have sensed that the UK economy is slowing down, the current account deficit is on the mend and interest rates have probably peaked, but there are various technical reasons why its enthusiasm seems overdone. For equities, a declining growth rate combined with increasing wage

mate, unless interest rates are going to tumble shortly; and if the Government's anti-inflationary stance is to be taken seriously, this is scarcely Meanwhile, Wall Street and the dollar are sending off wor-

pressures is not an ideal cli-

rying signals which London cannot ignore. Admittedly, US economic growth did slow in the third quarter. But the acceleration in consumer spending and the dollar's nasty wobble over the last three weeks have bearish implications for interest rates. It is not the best time for some of the.

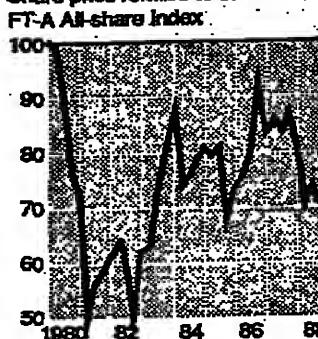
more highly-leveraged US deals

to begin to unravel.

Merger policy With the best will in the world, the market's likely response to Lord Young on merger policy is that it would believe him if it could. The thesis of last night's speech was straightforward; there is no political aspect to the policy, and the much-reviled argument on public interest scarcely ever applies. In bids such as RHM and Gold Fields, all the investor need do is read

the mind of Sir Gordon Borrie,

Singre price relative to the



in accordance with stated principles on competition, and in the assurance that Lord Young stands as an impartial bulwark to shield the Office of Fair

Trading from Westminster. In fairness to the argument, the system is not to blame for the market's mistakes. Investors got the Rowntree and RFIM bids wrong from top to bottom, not only because of their assumptions on official policy. The BP/KIO judgment, too, can perhaps be defended as a special case, since it was a rare deployment of the public interest argument. Where the thesis tests credulity is in the case of Gold Fields. No-one denies that the political pressure was intense; and whereas there is no reason to doubt the OFT's good faith in presenting titanium as a competitive objection, the issue could surely have been settled without a reference had the Secre-

tary of State so wished. And what of Scottish & Newcastle? Last night's speech worki seem to dismiss as irrelevant the fact that Elders is foreign and highly geared, or that S&N is Scottish. But in this case, there are ample grounds for referral within the context of competition in UK brewing so when the bid gets

referred – as doubtless it will the market will be none the

The dissociation between ICI the business and ICI the stock continues. Yesterday's third quarter figures show the group cruising serenely towards £1.5bn pre-tax for the year, and the shares are still bumping along at a near-30 per cent discount to the market. As before, the market's worries are intelligible: commodity chemicals are the chief engine of this year's growth and account for practically half of group profit. Industry-wide, there are warn-

ing signs on commodities -

BPspending £200m on new eth-

ylene capacity, and Japanes producers being toki by Mil-to build no new ethylene plar But although the chemical

cycle is certainly due for downturn, iCI has not itse a been guilty of adding to capa-ity. The group has also bee scrntinising the stock position of its competitors and custons ers and claims to see no sign yet of a build-up. For the shares, this has the makings an impasse, with investors reusing to buy until they see er effects of a downturn whit : stubbornly refuses to happer At 1054p, the shares seem we enough protected by a yield : 5.8 per cent, but while a re-ra ing is doubtless justified, it not clear what will get

started.

Bejam and Iceland fit eac other so nicely that the chi surprise in yesterday's hid that it was so long comings One company is in the Seut one in the North; putting the together increases the buyir power of both, and reduce head office and distribution costs. Bejam is suffering ti chill competition of the supe stores, whereas Iceland's somewhat obvious sounding policy of giving shoppers whit? they want has produced ave age earnings growth in the la two years of over 25 per cer The trick apparently involv? getting prawns, tuna fish a courgettes onto a frozen pizz and filling the gap left by t supermarkets in the hip or as street by seiling fresh food agroceries. Simply changing t. mixture of products at Beja to match iceland's wou increase margins, and shar holders in all the major rete ers can testify how importa that is.

The question of price is like removed straightforward. About times earnings is more th adequate for a company pro ising minimal growth; a given the shares' stea under-performance, investo must be keen to he shot them. However, Mr Aptho: \*\* 3 may well be able to use his per cent stake in Bejam somesze out still more; wh Iceland can probably afford the little extra without earnir

dilution. Assuming the deal go though, the immediate pr. pects for the shares do 1 match those for the busins itself. Getting investors to ta yet another issue of conve ible preference shares may 1 be easy, while Mr Apthorp not likely to be a long-teholder of his usurper's pape

# Pretoria to press electoral reform plans

By Anthony Robinson in Johannesburg

SOUTH AFRICA's ruling National Party is expected to press ahead with plans to bring blacks into the central government and give financial muscle to multi-racial Regional Service Councils following the party's success at Wednesday's segregated municipal elections.

President P. W. Botha first revealed the Government's plans in a speech to Parliament in April But concern about a possible strong Conservative Party advance in the municipal elections kept implementation on the back burner.

Despite gains in Pretoria and in depressed mining towns around Johannesburg the Con-

By Nikki Tait in London

LORD YOUNG, Britain's

Secretary of State for Trade

and Industry, last night

defended the UK Government's

policy towards corporate merg-

ers, claiming that it showed "a

remarkable degree of consis-

He stressed the Govern-

ment's belief that the principal

consideration in evaluating

whether a merger should be

referred to the Monopolies and

Mergers Commission should be the potential effect on competi-

He added that as Secretary

of State he retained the power

to make a reference on public

tency."

tion in the UK.

servative Party failed to make its expected clean sweep of the Transvaal and Orange Free State and fared particularly badly in Natal and the Cape. Mr Chris Hennis, Minister for Constitutional Development, described the elections as heralding "the next phase in the process of democratisation." He added that "through these elections and future developments such as the

Describing the elections as "a victory for those who wanted an extension of democ-

interest grounds, but said that

Lord Young's speech comes

after a series of referral deci-

sions over the past six months

which have badly wrong-footed

the City of London. These

include, on one hand, the deci-

sion not to refer the Nestlé bid

for Rowntree; on the other, the

referrals of the Kuwait Invest-

ment Office's 22 per cent stake

in British Petroleum, the lever-

aged bid by Australasian food

group, Goodman Fielder Wat-tie, for Ranks Hovis McDou-

gall, and, this week, the offer

by Minorco for Consolidated

such cases were exceptional.

Young defends UK policy on mergers

highest level would become a

racy," Mr Heunis appeared to brush aside the disappointingly low black poll, especially in key areas such as Soweto, the black city next to Johannesburg with a population of nearly three million.

In Soweto, the Sofasonke Party led by Mr Ephraim Tshabalala, the 80-year-old former mayor, swept to victory, winning 29 out of 35 seats on an national negotiating forum, 11.5 per cent poll black participation up to the

Five sitting councillors were returned unopposed together with one independent. Mr Nelson Botile, the Mayor of Soweto, was among those to lose

Critics of current merger pol-

icy have maintained that pol-

icy was becoming confusing

and capricious and that politi-

cal considerations appeared to

have a bearing on key deci-

Speaking last night at the London Stock Exchange's

"Conference for Industry" in

London, Lord Young hit back.

"Our policy, far from being the

thing of shreds and patches its

detractors would claim, does

show a remarkable degree of

The starting point, he

suggested, was that "the mar-ket should be allowed to get

consistency," he claimed.

The pattern of low polls and high absentions was followed in many townships on the East and West Rand in protest against what many blacks see as rigged elections under a state of emergency during which opposition leaders have been effectively banned.

The Five Freedoms Forum, a civil rights group, claimed that only 1.5m of the 26m blacks outside the homelands were registered voters and calculated that only 0.13 per cent of the black population had

on with it." Interference

should only occur when the

outcome "will not be in the

best interests of the economy."

Lord Young reaffirmed the Government's stance - first

set out in 1984, and confirmed

in its recent Blue Paper on

merger policy - that the effect

on competition in the UK

should be the primary consideration in referral decisions.

He added that the "political

bolt-hole" argument involved a

misundertanding of the refer-

ral procedure – in particular, the role played by the Direc-

tor-General of Fair Trading.

Details, Page 9; Lex, Page 22

### US to rule on fate of rice trade By Mancy Dunne

in Washington

MR CLAYTON YEUTTER, the US Trade Representative, is in the political bot seat today as he prepares to announce the future of the first major trade complaint filed against Japan under the 1988 trade bill.

The complaint, filed by the Rice Millers' Association against Japan over its rice protection measures, seeks an agreement with Tokyo to allow rice imports from the US to rise by 2.5 per cent a year over a four-year period.

The usual political pressure swirling about most trade complaints has been intensified in this case because it coincides with the final stretch of the USpresidential election cam-

By law, Mr Yeutter has 45 days to accept or reject a petition - the deadline is today - and then two years to seek a negotiated solution under the General Agreement for Tariffs and Trade (Gatt).

Mr Yeutter rejected a similar petition in 1986. He urged the industry to withhold the latest complaint, filed in September, saying that Japanese officials had assured him that their rice policies would be negotiable during the current Uruguay

Texas and California, states rich in votes for the presiden. tial contest, are also the most prominent rice growing states. Legislators from both states are supporting the rice growers and both presidential candidates have mounted the band-

round of Gatt talks.

Japan's lobbyists have brought heavy pressure on the US State Department for a favourable decision, pleading for moderation at a time when Emperor Hirohito of Japan is ailing.

Newspaper editorials have also mged restraint. One in the Journal of Commerce warned that "challenging the icons of another society is a surefire way to escalate a routine disagreement into an emotional struggle for national survi-

Zenchu, the Japanese Central Union for Agricultural Cooperatives, has threatened to retaliate by switching some of its meat and grain business to US competitors.

Early this week the Rice Millers warned that it might take legal action against the Zenchu for allegedly violating US anti-trust laws and trying to blackmail other US commodity groups into opposing the petition

### The Corporate Finance Division of

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# Howe warns on 'charity'

Continued from Page 1 properly, and was not an appropriate recipient of Western charity.

Help of the wrong kind would not solve Mr Gorbachev's internal problems and could conceivably damage the West's interests. It might even remove some of the incentives for making necessary changes in the Soviet Union.

even if Mr Gorbachev's reform

programme was implemented, people in the West should not expect that a political and economic system like theirs would emerge from it. Mr Gorbachev's purpose was not to overthrow the one-party system, but to improve its effectiveness. It should also be recognised that it would be a long time before political and economic changes in the Soviet Sir Geoffrey cautioned that, Union were so well entrenched as to become irreversible.

### **WORLD WEATHER**

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### Taiwan gold purchases Continued from Page 1

the gold purchases."

In fact, the economist noted, Taiwan's exports to the US as Taiwan still looks set to measured in US dollars emerge as the world's largest increased by only 1 per cent in market for gold this year. dollars dropped by 12 per cent sector bought another 130-odd - while experiencing tons in the year to September double-digit growth to non-tra- and analysts estimate that at ditional markets in Europe and least a further 50 tons reached Asia. "This should make it Taiwan through "underclear that there has been a rad- ground" channels.

ical shift in export markets by Taiwan," he said. In spite of the ending of gold purchases by the Government

# Delay upsets junk bonds

Continued from Page 1

and Dillon Read, denied reports it had pulled the issue, but said it had dropped plans to price the bonds this week. The firm said it was talking to the Campean interests about a restructured deal.

First Boston and the other underwriters have been facing growing discontent among institutional investors at Federated's high leverage, complex organisational structure and management changes. They complain about a poor retailing environment and Mr Campeau's lack of big-store

### the first eight months of the In addition to the central vear - and in terms of Taiwan bank purchases, the private

experience. In addition, bonds issued by

Mr Campeau's first major US retailing acquisition, Allied Stores, have fallen sharply in price since they were issued in early 1987. Mr Mark Bachman, a senior

vice-president at the Standard & Poor's rating agency, said: "My personal feeling is that this is a very complicated structure Mr Campeau has set up what with Allied and his other companies. And this is a deal that even five years from now, the debt burden is going to be enormous." \* \*

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# **FINANCIAL TIMES** COMPANIES & MARKETS

Friday October 28 1988



### INSIDE

### Modern gold rush for liquidity

Competition in the financial futures and options industry is likened to a gold rush by the authors of a new survey into the global deriva-tives business. Success largely depends on who is first to create a liquid market in a new instrument, making it virtually impossible for any other exchange to then make a success of the product. Page 26



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inchcape, the UK trading group, is aiming to expicit Europe's single market with a multicountry network of car retailing and distribution outlets, using its Mann Egerton subsidiary. Mann Egenton, which sold 17,609 vehicles in UK in the first half of the year, forms only part of the group's automotive

operations worldwide. led by Mr Derek Whittaker (left), former managing director of Leyland Cars. Page 32

### Burning desire for bullion

Encouraged by the relatively high price of gold this decade, companies are turning to increasingly inaccessible areas to mine the ore. The "rim of fire," an arc of volcanic rock circling the Pacific Basin from Chile through New Zealand and up to Japan, contains scores of gold deposits in ore bodies near ancient vents or volcances. But getting to grips with the ore will be no picnic. Page 46

### Keying in to profit

Souring sales of TOSHIBA semiconductors and personal computers. especially lap-top models, helped Toshiba, the Japanese electrics and electronics group, to boost interim pre-tax profits by 139 per cent to Y59.6bn (\$473.3). Fuji Electric, another leading Japanese producer, climbed 54.1 per cent to ... Y6.6bn. Page 28

### Bourse blues evaporate

The uncertain mood which unsettled the Stockholm bourse before the September general election has largely evaporated, with institutional investors ploughing cash back into the market. Foreign investors, however, are more circumspect and have been net sellers of Swedist equipes. Page 50

### The Pac-Man cometh

The battle for Epeda-Bertrand Faure, the diversified French car seat company, could see the introduction to the fast-moving French takeover scene of a "Pac-Man" defence. Well-known on Wall Street, the tactic involves a company under attack launching a counterbid against its aggressor. Page 25

### **Market Statistics**

Base lending rates Benchmark Govt bonds -European options exch FT-A indices FT-A world indices Financial futures Foreign exchanges London recent issues

Airflow Streamlines

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### Companies in this section

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# **Bond Corporation** boosts Lonrho holding to 20%

By Ray Bashford in London

BOND Corporation, headed by Mr Alan Bond, the Australian entrepreneur, has become the largest shareholder in Lourho, the international trading group, by boosting its holding to 20 per

The Australian company has acquired a further 5 per cent during the pest four days of trading. for a possible takeover bid.

The position could be cirrilled next week when Mr Bond arrives in London and seeks discussions with Mr Tiny Rowland, Lonrho's chief executive and Lonrho's second largest shareholder with 15 per cent of the equity.

By lifting its stake to 20 per cent, Bond will be able to equity account the profits of Lourho. Lonrho shares were again traded heavily yesterday, with 37m changing hands as the price eased 3p to 375.5p. Bond is believed to have been a buyer again, boosting its stake beyond 20 per cent.

Based on this closing price, Lonrho is capitalised at £1,7bn (\$2.9bn) and Mr Bond's holding is worth £340m.

This is the biggest investment Mr Bond has made in Britain and is part of a plan for international expansion beyond the constraints of the relatively small Australian market.

Bond disclosed last Tuesday that it had considered the sale of a 14.9 per cent stake in Standard

Chartered, the banking group, which it inherited through the acquisition of Mr Robert Holmes à Court's Bell Group. Other UK groups in which it holds stakes include Allied Lyons (11 per cent), M&G (13.7 per cent) and TV-am (14.9 per cent) TV-am (14.9 per cent).

Bond has large brewing interests in North America, gold and Chile and property holdings in Hong Kong.

Its Australian holdings include big brewing, television and mining investments. Bond recently acknowledged borrowings in excess of A\$7bn

(US\$5.8bb) but said it expected a substantial reduction in the figare during the current year. Mr Asher Edelman, the US corporate raider, is understood to have returned as a buyer of Lonrho shares after disposing of his 4.75 per cent stake earlier this month at an estimated profit of between £15m and £20m.

City analysts saw the Bond decision to go beyond the 15 per cent, which it disclosed last Friday, as a clear indication of possible hostile intentions. Mr Bob Carpenter, of London

brokers Kitcat and Altken, said that after the latest round of buying he would not rule out the chance of an offer from Bond. "I would be very surprised if Tiny saw Bond, with a holding of 20 per cent, as anything less than hostile," he said.

# Philips earnings rise to Fl 161m

By Laura Raun in Amsterdam PHILIPS, the Dutch electronics giant, lifted its earnings robustly in the third guarter of 1988 on buoyant sales and wider profit

Net income jumped 20 per cent to FI 161m (\$80m) from FI 134m a year earlier as lower production costs more than offset flat selling prices. Philips is hoping to slash costs by Fl 800m this year through an intensive restructuring campaign involving staff layoffs and eventually factory clo-

Mr J.H. Goris, a member of the group management committee. yesterday described the results as "gratifying" and forecast that Philips would continue to see a "gradual improvement in margins" in the fourth quarter. For the year as a whole the

Dutch company repeated its forecast that net income would match or exceed the Fl 818m of 1987. Mr Goris noted that a number of extraordinary gains were expected in the final quarter, including a large one from a previously-announced joint venture with Whirlpool The US maker of large domes-

tic appliances is to pay Philips Fi 1bn for its white goods activities. Philips, which is Europe's largest electronics concern, also is considering selling other assets in telecommunications, medical equipment and miscellaneous

activities in the US.

the fourth quarter Philips will take large provisions for restructuring, perhaps more : than Fl 400m. On balance, a net extraordinary gain of about FI 250m is seen by some

In the third quarter, sales climbed 8 per cent to Fi 13.6bn from F1 12.6bn in the same period last year, the biggest quarterly rise in three years. Foreign exchange movements were more favourable than in recent years and all product sectors boosted their revenue.

Operating income increased 21 per cent to Fl 702m in the latest quarter although finance charges were heavier. Non-consolidated companies, especially MEC and Grundig, posted considerably higher earnings.

in the first nine months, profits fell 10 per cent to Fl 499m from Fl 554m a year earlier on narrower profit margins, especially in consumer electronics. Stiff competition from Asian manufacturers is hitting prices as Philips seeks to maintain market share while cutting costs. Sales increased 6 per cent to FI 39bn in the January-September period from F1 36.7bn a year earlier, also the biggest nine-month advance in three years. Only consumer olectronics failed to raise turn-

Market reaction was laconic as Philips' share price closed unchanged on the day at F1 31.30.

# Against extraordinary gains in Record third-quarter

By Roderick Oram and Robert Vincent in New York

for General Motors

GENERAL MOTORS, the world's largest vehicle maker, yesterday reported record third-quarter profits thanks to higher car sales, particularly in Europe, which offset lower earnings of its non-automotive operations.

In contrast, Chrysler, the third largest US car maker, saw earnings fall sharply to \$112.5m or 50 cents a share from a restated \$248m or \$1.12. Despite increasing its car and truck market share in the US and Canada, Chrysler has been hit by the cost of continuing sales incentives.

GM's net profits for the third quarter ended September 30 were \$859.2m, or \$2,46 per common share, against \$812.3m or \$2.28 a year earlier.

Mr Roger Smith, chairman, said the year-earlier earnings for the same period, applicable to common shares, would have been only \$327m, or \$1.05 per share, without last year's changes in depreciation time for plant and equipment.

For the nine months, net earn- Corp. ings were \$3.46bn, or \$10.09 a share, against \$2.72bn, or \$7.70. Revenues for the quarter rose to \$25.04bn against \$22.81bn a year earlier and in the first nine months to \$81.38bn against \$75.40bn last year.

Total car and truck factory

sales rose to 1.77m units in the quarter from 1,64m and to 6m from 5.78m year to date. Overseas sales at the retail

level rose 13.6 per cent to 510,000 units in the third quarter and by 6.9 per cent in the nine months to

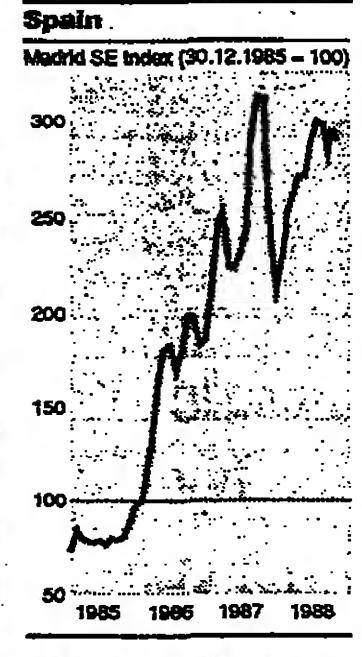
The company expects foreign sales to remain strong thanks to the introduction of the Opel Vectra/Vauxhall Cavalier in Europe and the Holden Commodore in Domestic sales rose 3.5 per cent

in the quarter to 3.26m at the retail level with car sales virtually flat and truck sales rising by 12 per cent.

ting savings in the first nine months. tomotive subsidiaries fell to \$527.4m in the quarter from \$578.5m a year earlier, reflecting a 24.9 per cent decline to \$241.9m at General Motors Acceptance

Profits of GM Hughes Electron- stake in Irish Distillers. ics rose 4.9 per cent to \$179.6m while Electronic Data Systems boosted profits by 16.5 per cent to







Carlo De Benedetti (above) and Jose Ramon Alvarez Rendueles: the project is more important than the sector

# De Benedetti's reign in Spain

Peter Bruce on the Italian financier's acquisitive Iberian investment arm

nyone who might have had the temerity at the L beginning of this year to try to second guess the direction Mr Carlo De Benedetti, the Italian financier, would steer his new Spanish investment arm. Corporacion Financiera Reunida (Cofir), would by now be suffering a massive headache. In a rapid burst of activity

since April, Cofir has spent about Ptalibn (\$93.6m) investing in a citrus exporter, a health insurer and a chain of hotels. A Portuguese affiliate is being established, it has floated about 15 per cent of itself on the Madrid bourse, raised new capital in the summer and plans to raise more next month. Pre-tax profits for the first nine

months of 1988, at Ptal.9bn, are nearly double the 1987 result. Mr De Benedetti came to Spain for the first time last year after spending some time looking for the right vehicle, and for some-

one to front it. He found the right man, it seems, in Mr Jose Ramon Alvarez Rendueles, then 46, chairman of the medium-sized Banco Zeragozano and who, between 1978 and 1984; had been the youngest ever governor of the Bank of Spain. The two men met through

directorships Mr Rendueles had with Pirelli and Hispano Olivetti. A bouncy, irrepressible figure. Mr Rendueles also acted as a link between Mr De Benedetti and one of Cofir's biggest Spanish shareholders, the construction group Construcciones y Contratas (Conycon), which controls Banco Zaragozano.

Although the capital increase last summer has put about 15 per cent of Cofir in the hands of private shareholders, the original equity holdings have remained more or less static. After the floatation and a

Pta4bn convertible bond issue. the De Benedetti group holds about 40 per cent of Cofir, Banco de Bilbao (now Banco Bilbao Viscaya) and Conycon each have 10 per cent, Société Générale de Belgique has slightly less and there are smaller lots held by, among others, Shearson Lehmann, Lombard Odier of Switzerland, Dillon Read and Warburg.

A shareholders meeting called for November 12 to agree on a five-for-eight rights issue to raise Pta12.1bn will not alter that structure much, although Mr Rendueles says he expects independent shareholders to increase their holdings to about 22 per cent. The new money will raise Cofir's reserves to Pta23bn and its equity to about Pta14.3bn.

Mr De Benedetti's reasons for coming to Spain were not complicated. Since joining the European Community in 1986 the country has exploded with new business activity. Foreign investors have pumped \$34bn into Spanish industry, equities and property in the last 33 months.

But Cour remains an oddity. Modelled on and controlled by Cerus, Mr De Benedetti's French operation, it seemed to do little in its first 10 months. A tiny band of four executives, two secretaries and Mr Rendueles played the money and debt markets for months, promising that "something will happen soon."

In April it did. Cofir announced it had bought 21.5 per cent and some convertible bonds of Pascual Hermanos, Spain's biggest exporter of citrus products and vegetables, up until then a family-owned business based in Valencia. The deal cost Cofir Pta3.3bn.

But the money was not the point. Once touched by the magic De Benedetti finger, Pascual Hermanos suddenly became a "hot" company. Its retiring family executives found their pictures splashed over glossy magazine pages and in the newspapers. Having found the presence of a rich foreigner in their midst not unpleasant, the Pascal's quickly

first time, with 17 per cent of its equity, for more cash. By summer's end Pascual Hermanos had attracted the interest of United Brands, the big US foods group. Cofir sold about half its holding to United Brands, although with its bonds it still

controls about 14 per cent of the

went to the stock market for the

ofir's small Spanish team began to be bombarded with small Spanish companies hungry for new cash. Not even the country's near-sacred habit of closing down for the August holidays interfered with a secret, four-month-long negotiation between the team and Sanitas. Spain's biggest private health insurer, which ended with Cofir taking a 40 per cent stake

for about \$30m. increase its stake.

The Spanish state health-care system is slovenly and slow and increasingly Spaniards are turning to private health, particularly in Catalonia. Madrid-based Sanitas will take

about Pta20bn in premiums this year. The group already owns a modern hospital in the capital, another in Valencia and a net-

work of outpatient centres. Mr Rendueles says Cofir will definitely hold on to its stake and has claimed five seats on the Santas board.

Much the same thing happened in late September. Out of the blue. Cofir announced it was buying 33.5 per cent of an apparently uninspiring chain of hotels, Nuevos Hoteles (NH), for Pta4.2bn. But Mr Antonio Catalan, the group's young owner, has won Cofir backing for an ambitious expansion strategy which will involve NH increasing its hotel holdings from 33 to 50 by the end of next year.

The key to NH is that while Spain is reasonably well covered with expensive luxury hotels for foreign and rich local businessmen, there is little else.

NH sees itself as a chain for middle-ranking executives, rather like the French Novotel group. By 1992, when the liberalisation of EC markets should be complete and when both the Olympic Games and the World Fair are scheduled to open in Spain, the NH group could be uniquely placed to soak up new trade. The owners of both Sanitas and

NH have kept control of their companies and with such large Cofir stakes there may not be much chance of either following Sanitas has great promise, Mr Pascual Hermanos to the stock Rendueles claims, and Cofir may markets. But it is certain that their association with Cofir would do their share prices no harm if they did.

There is still no guessing where Cofir will go with the new money it plans to raise next month "The project is more important

than the sector," says a grinning Mr Rendueles, as if that is any

### Pernod 'breached UK takeover code'

By Lisa Wood in London

THE EXECUTIVE of the UK Takeover Panel, a mergers' watchdog, yesterday ruled that Pernod Ricard, the French drinks group, had breached the takeover code.

It pointed to the way in which Pernod had gained the backing of some Irish Distillers' shareholders for its agreed bid for the Dublin-based whiskey com-

However, the executive has referred to a full meeting of the Panel a decision on the consequences of the breaches - and whether all or some of the shareholders who gave irrevocable undertakings to accept Pernod's offer should be able to reconsider their decision.

Pernod claims to control more than 50 per cent of Irish Distillers' shares and the executive's ruling could scuttle this advantage in the takeover battle for Irish Distillers between it and Grand Metropolitan, the UK drinks group. Pernod has lodged an appeal against the executive's

The executive did not spell out yesterday how Pernod breached the takeover code. The investiga-The company also benefited tion was into the manner in from a further \$3.8bn in cost-cut- which irrevocable undertakings to accept the Pernod offer for Irish Distillers were obtained Net earnings from the non-su- during the weekend of Septem-

ber 3 and 4. These included a 20 per cent stake held by FII Fyffes, the Dublin fruit group, and constituted about 48 per cent of Pernod Ricard's claimed 52.8 per cent

Last week Pernod gained an advantage when the Dublin High Court ruled that FII Fyffes had committed its stake to the Chrysler result details, appealed to the Irish Supreme Court against this decision.

# Sometimes...

People who look at things differently can really add value

### SAVILLS

COMMERCIAL OFFICES

WESTEND 01-4998644

CITY 01-374 4161

ISLE OF DOGS 01-538 2060

Agency - development - investment - financial services research · marketing - valuations - rent reviews · lease renewals management - rating - planning - building consultancy

# Earnings at Chrysler fall sharply in third quarter

By Robert Vincent in New York

CHRYSLER, the third largest US car maker, saw earnings fall sharply in the third quarter to \$112.5m or 50 cents from a restated \$246m or \$1.12 in the

corresponding 1987 period. At the nine-month stage the group was also well down at \$616.6m, compared with \$339.5m a year ago, and earnings per share dipped from \$4.33 to \$2.77. This year's ninemonth figures were after a \$93m provision for plant clo-

despite increasing its car and

truck market share in the US and Canada it had been hit by the cost of continuing sales incentives and a heavier mix of fleet sales.

Sales for the quarter were ahead at \$7bn, against \$6.2bn while for the nine months they advanced to \$23.2bn from

In addition, the price increases for 1989 models did not come soon enough to offset the rising cost of raw materials, labour and employee bene-The company said that fits. The company's Newark assembly plant was also down

for the entire quarter while it was retooled for production of the new Dodge Spirit and Plymouth Acclaim.

But Mr Lee Iacocca, the company's chairman, was bullish about the rest of the year and 1989. He said: "The result of many of our investments will be on their way to dealerships

He added that they were proceeding with plans to spend \$13.5bn over the next few years in new products and processes and plant improvements.

# Proceeds from disposals lift Placer Dome income by 62%

By David Owen in Toronto

PLACER DOME, the large Canadian gold producer whose president. Mr John Walton, recently resigned, has reported a sharp 62 per cent increase in third-quarter earnings thanks mainly to the sale of the group's interests in Falconbridge and McIntyre Mines.

The after-tax gain from the sale totalled CS90m (US\$75m). Net proceeds from the transaction of C\$532.7m have swelled the group's cash kitty to C\$764.5m.

totalled C\$137.9m or 61 cents a share, compared with C\$84.9m or 39 cents a year ago.

Sales dropped to C\$186.2m

sponding year earlier period. Operating earnings plunged to just C\$4.5m from C\$28.9m in 1987 due principally to a C\$20m writedown in the carrying value of US energy invest-

In the nine months ended September 30, net income climbed to C\$215m or 96 cents a share on revenues of C\$591m. from C\$184.6m or 85 cents on revenues of CS603.1m in 1987. Meanwhile, Toronto-based Falconbridge, the world's sec-

Net earnings for the quarter ond largest nickel producer, this week reported another sharp jump in quarterly profit to C\$87m or C\$1.16 a share. This compared with just C\$19m from C\$204.4m in the corre- or 26 cents a year earlier. Reve-

nues also soared by almost 60 per cent to C\$525m. For the first nine months, net earnings totalled C\$217m or C\$2.80 a share, compared with a loss of C\$13m or 19 cents a year ago. Revenues

rose to C\$1.47bn from C\$306m. The turnround is principally explained by buoyant nickel prices, which more than offset the negative impact of exchange rate fluctuations.

The group's long-term debt has however risen a sharp 31 per cent from a year ago to C\$977m. This is largely explained by the group's C\$960m purchase of its own shares from Placer Dome earlier this year.

# Loss on energy side hits BCE

By David Owen in Toronto BCE, the former Bell Canada Enterprises, has reported an 8 per cent decline in third-quarter earnings. The deterioration is partly due to the group's C\$26m (US\$21.7m) share of a CS53m loss to be incurred on the sale of oil and gas assets by

ada PipeLines (TCPL). TCPL operations had a negative impact of C\$19m in all on the group's consolidated earnings for the quarter. This comcared with a positive contribution of C\$11m in the corresponding 1987 period.

49 per cent-owned TransCan-

Overall, third-quarter net income totalled C3225m or 78 cents a share, compared with CS245m or 88 cents a year ear-

Total operating revenues rose approximately 7 per cent to C3.79bn, from C\$3.55bn in 1987. Over the same period, the number of shares outstanding increased by 17.7m to 287.8m.

Bell Canada's contribution to the company's profit was unchanged from a year ago at C5173m. The group said that a recent strike by nearly 20,000 telephone operators and tech-

nicians had no material effect on net income.

For the nine months ended September 30, net earnings rose to C\$764m or C\$2.67 a share, on revenues of C\$11.18bn.

This compared with profits of C\$747m or C\$2.69 on revenues of C\$10.81bn in the corresponding 1987 period.

Mr Raymond Cyr. president and chief executive, said that he anticipates a strong final quarter and expects results for the year as a whole to be "comparable with those for 1937."

### **MCorp** may be forced to file for bankruptcy

By Roderick Oram in New York

MCORP, the sole surviving major Texas bank, admitted yesterday there "is a high probability" it will be forced to file for bankruptcy within

Mr Gene Bishop, chairman, said "it's obvious that we can be forced" into filing by creditors, but the action would be "in the interest of protecting our assets and our creditors; it's really the only alterna-

The bank holding company. which earlier this month said it needed federal government assistance to rebuild its baiance sheet devastated by the Texas real estate collapse, triggered the countdown to a possible bankruptcy a week ago by halting interest payments on \$470m of debt and dividends on its preferred shares. Creditors could apply to the courts as early as November

Analysts interpreted the moratorium as an attempt by the bank to force a quicker and more favourable bailout from federal regulators who would probably prefer to avoid complicated bankruptcy pro-

No major rescue has ever been undertaken of a bank under bankruptcy protection. A bankraptcy could also make it much harder for regulators to seize control of MCorp's banking subsidiaries as they had done last summer in the rescue of First Republic-

bank holding company. Regulators sold First Republic's banks to NCNB, the North Carolina banking group. MCorp executives are trying, however, to keep their operating subsidiaries locally owned. They are seeking a package involving some \$1bn of federal assistance which would keep the group largely intact.

Last week MCorp reported a

Bank, the other major Dallas

MESA Limited Partnership, third-quarter loss of \$517m the main corporate vehicle of after a \$368.9m addition to Mr T. Boone Pickens, the US loan loss reserves. corporate raider, recorded an increase in profits in the third. quarter after revenue had been

# Restructuring pays off for UAL

By Robert Vincent in New York

UAL, which owns United Airlines, boosted third-uarter earnings by 131 per cent to a record \$179m or \$8.31 a share. The figures reflect the major restructuring programme aimed at revitalising the air-line being carried out by Mr Stephen Wolf, the company's chairman.

In the third quarter last year net earnings from continuing operations were \$77.64m, and if earnings from discountinued

ure rises to \$82.3m. When a \$223.4m gain from

the sale of the company's stake in Covia Partnership is included, the latest quarter's net earnings rise to \$402.4m or \$18.68 a share. Revenues for the three

months were up from \$2.26hn to \$2.4bn. The effects of restructuring

are also apparent in the ninemonth figures which show net earnings from continuing activities are included the fig-

operations of \$554.5m, compared with \$76.2m last time, on revenues which rose to \$6.8bn from \$6.2bn.

But when income from discountinued operations and a substantial gain of \$548.5m from asset sales are included, the latest nine-month figure jumps to \$1.1bn, against

The company said that last month it repaid the \$1.2bn loan which was borrowed in March as part of the restructuring meaningful.

programme. This repayment reduced UAL's total debt to about \$2.1km at the end of the

Mr Wolf said the balance sheet was now strong and would be further strengthened in the months shead.

The company said that because of the reduction in the number of outstanding shares following a share repurchase this year, a comparison based on earnings per share was no

# Pan Am profitability shows improvement

By Robert Vincent in New York

PAN AM, the troubled US airline group, edged ahead in the third quarter following continued improvement in the level of profitability at the Pan Am Shuttle and Pan Am Express. But at the mine-month stage the company reported an

increased loss. The group, which is the parent of Pan American World Airways, lifted third-quarter net income to \$67.4m or 47 cents a share from \$63.4m or 45 cents last time on revenues which were up by more than 13 per cent, from \$1.06bn to \$1.2bn. Operating expenses, however, rose by 13 per cent to \$1.1bm

In the first nine months the group suffered a loss of \$21m,

compared with a \$19.8m loss last time while Pan American also saw losses increase, from \$29.3m to \$54.7m. Revenues for the nine

months increased to \$3.2bn from \$2.7bm. Net income of Pan American World Airways in the third quarter was virtually unchanged at \$52.3m although the airline managed to improve

per cent to \$89.2m. But the higher level of operating profit was offset, says the company, by higher foreign exchange losses in the quarter. compared with the year-ago

operating profits by nearly 10

period. Mr Thomas Plaskett, chairman and chief executive of Pan

Am, pointed out that the improvement in Pan American World Airways was gratifying since last year's figures contained a \$30m favourable adjustment to passenger reve-

He added that strong traffic, an improvement in yield and in the load factor helped to push up Pan Am's revenues which set a new quarterly

The airline has been pressing hard for concessionary agreements from its unions. but it said that the \$30m of savings it had won from three unions had been offset by the increased number of workers necessitated by the airline's 10" per cent increase in capacity

and by efforts to improve the. quality of its services. . USAir Group, the zirline

holding company whose princi-pal subsidiaries are USAir and Piedmont Aviation, reported a fall in third-quarter net eartings to \$68.5m or \$1.58 a share, from \$71.8m or \$1.86, in the curresponding period a year ago, Our Financial Staff reports. Revenues rose to \$1.4500 from \$790 Am.

Nine-month profits were \$142.2m or \$3.82 a share, against \$168.0m or \$4.80. Ninemonth sales jumped from \$1.88bp to \$4.22bn, reflecting. the company's acquisition of Pledmont Aviation and Pacific Southwest Airlines in 1987.

Benetton enters

insurance

brokerage

By Our Financial Staff

# McDonnell orders top \$37.5bn

By Robert Vincent in New York

MCDONNELL DOUGLAS, the US aerospace and defence manufacturer, which yesterday reported higher third-quarter earnings said that its total order backlog at the end of September had risen from \$31.4bn to \$37.5bn.

The group only last month won a substantial order, worth around \$5bn if all the options are exercised, from Delta Air Lines of the US. The order included orders and options for 40 MD-11s which provided a

By Robert Vincent in New York

boosted by gains from asset

went up to \$9.8m or 12 cents

from \$1.56m or 7 cents last

time on revenues doubled from

\$61.6m to \$122.5m. Cash pro-

vided by operations fell by \$9m

welcome boost for the new air-

Net income in the quarter went up to \$83.5m from \$80.3m last year on revenues which were also up at \$3.7hm, against \$3.2bn. Earnings per share were ahead to \$2.18 from \$1.98. Net earnings in the first nine months came out at \$205.1m or

Asset sales boost Mesa profits

Mesa said the \$715m pur-

chase of a Tenneco oil and gas

subsidiary is expected to

reduce earnings next year. The

purchase, which will boost

Mesa's gas reserves, is being

funded through working capi-

income went ahead to \$32.8m

or 35 cents from \$22.2m or 32

cen's on revenues which rose

received about \$50m from asset

The company said that it

to \$258.8m, against \$232.8m.

tal and borrowings.

\$5.34 down from the year earlier figure of \$220.4m or \$5.43. The group's firm order backlog at the end of September stood at \$21.2bn, against \$17bn a year earlier and the MD-11 programme included 46 firm orders and 148 conditional orders, options and reserves. The total figure for the MD-80 to September which included deliveries was 1,223

sircraft. McDonnell said that combat aircraft earnings in the quarter were virtually equal to those of last year, while earnings from the transport side and the missile and space system operations were higher.

sales in the 1988 quarter. Pro-

duction of natural gas rose

considerably but this was-

However, revenues from this

partly offset by a drep in

source rose from \$35.8m to

Mesa said it was continuing to evaluate the properties out-

side its primary producing areas and that it had taken a

\$30m write-off in the quarter

on other properties which are

\$42m in the quarter.

expected to be sold.

orices.

casual wear company announced yesterday it ha entered into the insurance bro kerage beamers. This is simed at furthe diversifying its presence in th financial services industry.

THE BENETTON family

which controls Benetton

Group, the popular italian

in Holding, a financial seviess company wholly owne. by the Benetton family, an Alexander Stenhouse Italia which is 50 per cent owned b Alexander & Alexander Se. vices of New York, recently st en la Broker, a statemer

in Holding owns 70 per cer of in Broker, while the rest in the bands of Alexandi Stephouse, Alexander Ster bouse's remaining 50 per cer is held by the Acutis family ( Turin Details of In Broker capitalization were not di-

would use the know-how Alexander Stenhouse a would develop its operation primarily for companibelonging to the Benette

In Holding already has wid. cial services and merchal banking business, includit such fields as factoring at leasing, financial consultin insurance and banking. mutual funds.

### Reverse for Reebok despite rise in sales

By Our Financial Staff REEBOK INTERNATIONAL the leading US sports shoe pri ducer, increased sales \$539.4m in the third quarter compared with \$408.4m in the

Net profits for the period bowever, showed a decrease, a. \$37.1m or 32 cents a share. This compared with earnings. \$49.7m or 44 cents a share for the comparable three month

officer, said the company have He added that the group wa by no means satisfied with these results and are continu ing to take those actions consider necessary improvement."

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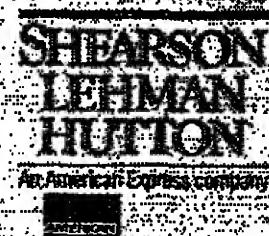
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possible rates and personalised service. No wonder some of the world's most demanding borrowers have made Shearson Lehman Hutton the leader in commercial paper.



"Shearson Lehman Hutton was named 1987 "Emocommercial Paper Dealer of the Year by International Financing Review and fied for first place as best U.S. Commercial Faper Dealer in a survey published 3/88 by Euromoney Corporate Finance.

# Funding for La Générale unit

By Our Financial Staff

to \$20.5m.

SOCIETE Générale Belgique, the Belgian holding company, plans to help SA Gimenteries (CBR), its cement-making affiliate, raise capital in a move which will boost its stake in CBR.

The plan is the first "signal of the strategy being put into place" by La Générale, it said. The holding company, which was at the centre of a bitter takeover battle earlier this year, is working on a new

might involve a reorganization of its principle holdings. CBR is raising capital in two ways. It is issuing 641,775 new shares with preference to exist-ing shareholders on the basis of one new share for every six shares held. It also is planning a \$30m bond issue with warrants attached for the company's stock, which will be subscribed entirely by La Gén-

industrial strategy which

main shareholder, Groupe AG, will together have a stake of around 52 per cent in CBR. SGB currently has a 38 per cent stake, while AG, which is Belglum's largest insurance company, has a stake of 2.23 SGB said that it wanted to "ensure the control of CBR and support the company's indus-trial strategy." Stock market analysts said that the move

If the warrants are exercised, La Générale and CBR's other

### about a possible takeover bid. Canadian forest group dips in quarter

By David Owen in Toronto

CONSOLIDATED-BATHURST, the large Canadian forest products company in which Mr Paul Desmarais's Power Corporation is a major shareholder, yesterday reported a 17 per cent decline in net third-quarter earnings.

On an operating level, however, income rose by more than a third In all, net profit in the latest quarter totalled C\$61.6m (US\$51.7m) or 59 cents a share compared with C\$74.4m (69

cents a share) in 1987.

The year-earlier figure includes a special gain of C\$28.8m. This related to the sale of the Montreal-based group's investment in Diamond-Bathurst, a large US glass bottle-making concern. In recent years, the group has restructured to concentrate on its core pulp and paper

operations. Sales edged up by approximately 7 per cent to C\$595.5m in the latest period from C\$557.9m a year ago. In the rine months ended

C\$174.6m (C\$1.64 a share) against C\$150.8m (C\$1.36), including the C\$28.8m extraordinary gain, a year ago.

• Alcan, the Montreal-based aluminium company, yester-day declared an increase of 8 US cents or 36 per cent in its quarterly dividend to 30 cents per common share. The company, which is reaping the ben-efits of higher aluminium prices, has now raised the level of its dividend four times in the last seven quarters.

indicated that CBR's main

shareholders were concerned

September 30, earnings were

Mr Paul Fireman, Reebok chairman and chief executiv ings for the third quarter.

NORTH AMERICAN QUARTERLY RESULTS

ARICA INTERNATIONA Fabricated metal prod	er.		COMMUNICATIONS S. Telephones	MELLITE		MACK TRUCKS Acto trucks and parts			PPG DIOUSTRIES		
Third quarter Revenues Net Income Net per share Nine months Revenues Net Income Net per share	1988 \$ 394.6m 4.1m 0.04 1.03km -9.4m -0.15	1987 \$290.2m -0.665m -0.02 800.5m -26.1m -0.75	Third corner Revenues Op net income Op net p/shr Nine months Revenues Op set income Net per share	1988 5 94m 17.7m 0.96 267m 49.6m 2.69	1987 \$ 82.6m 20.3m 1.11 251.5m 29.2m 1.59	Third quarter Revenues Net income Nice months Revenues Net income Net per share Net per share	1968 501st 2.1st 0.07 1.56bn 14.6sn 0.49	1987 437m 1.4m 0.05 1.37bm 14.6m 0.49	Third courter Resource	1988 1.36bn 117.9m 1.03 4.19bn 365.3m 3.32	1967 1,250 91.3 10.7 10.7 260.6 23
ASARCO Non-ferrous metals			EATOR Auto parts	·		MARTIN MARIETTA Aerospace, defeace			SQUIRE Dries		
Third quarter Revenues Net income Net per share Revenues Net income Net per share Net per share	1988 \$ 499.4m 45.9m 1.09 1.39ba 134.5m 3.19	1987 \$ 322 Lm 139m 3,47 925.3m 120.6m 3,12	Third quarter Resembes Op net income Op net pists Nice months Resembes Op net income Op net pists	1988 5 846.7m 53.8m 1.45 2.6bs 177.5m 4.76	1987 5 753-562 46.4m 1.12 2.33bn 162.3m 3.77	Third quarter Reserves Net income Net per share Nine months Revenues Net income Net income	1986 5 1.46bs 202.8m 3.81 4.19bs 335.2m 6.30	1987 1.325m 55.6m 1.02 3.866m 171.3m 3.13	Third quarter Revenuts Net income Her months Recenues Net income Siet per share	1.92bg	1987 5 581.37 199.22 1.0 1.56b- 273.86 2.6
CONTINCO Mising			FPL SROUP Utilities	•		MWA All transport			TEXTRON Manufacturing	<del></del>	1,5 %
Third quarter Revenues Met income Not per share Nice months Revenues Met income Met per share Net per share Net per share	1988 CS 372.8m 49.8m 0.60 1.15bn 128.3m 1.51	1987 CS 249.341 5.145 0.01 908.341 3141 0.25	Third courter Reserves Net income Net per share 12 months Reserves Net income Net per share	1988 \$ 1.38be 174.9m 1.33 4.74be 433.5m 3.31	1987 \$ 1.31ba 151.4m 1.16 4.32ba 392.7m 3.03	Tiples quarter Receives Net income Set per stare Simo months Reseates Net income Net gar stare	<b>S</b>	1967 1.44bm 87.3m 2.89 3.93bi 3.03m 3.59	Third quarter Revenues On me income Op met n/m sting months Respilles On met income Op met p/m	1988 1.74be 62.8m 0.72 3.37bs 200.1m 2.27	1967 \$ 1.725 57.66 0.4 5.380 205.50 2.38

### INTERNATIONAL COMPANIES AND FINANCE

# SKF jumps 30% after strong third quarter

By Sara Webb in Stockholm

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Les Augusta

SKF of Sweden, the world's leading roller bearings manufacturer, said profits after financial items jumped 30 per-cent to SKriba (\$164m) from-SKr773m for the first nine months, belped by particularly strong demand in the third

Group profit more than dou-bled in the third quarter to SKr376m from SKr162m a year ago while sales in the third quarter rose by 13 per cent to SK15.14b1L

The group yesterday raised its full-year forecast for the second time this year in view of the marked improvement in market conditions and said profits after financial items should exceed SKr1.25bn in

SKF was badly hit by overcapacity in the roller bearings industry, which caused profits to fall 7.5 per cent in 1987. But the group said that the overcapacity has been gradually eliminated: prices have risen in the US market and the West European markets are showing simflar moves.

Group sales climbed 9 per cent to SKr15.7bn with the strongest sales increases occur-ring in the US and Asia/Pacific.

The roller bearings division reported a doubling of profit (after financial items) in the third quarter to SKr300m while sales climbed 12 per cent to SKr4.32bn. Taking the full nine months, profits rose 23 per cent to SKr759m and sales increased 7 per cent to SKr13.2hn

SKF also reported increased profits for its smaller components and tools divisions.

The group said a month ago that the favourable business trend should lead to further profit increases in 1989. SKP expects the capital goods sector (on which it earned better margins) to develop more rapidly than the automotive sec-

eign exchange losses of

ing director, said aluminium

trading activity was under

review but that it will be

scaled down "and its scope severely reduced." Trading vol-umes are to be limited in an

attempt to reduce risk expo-

A substantial manpower

The agriculture division saw

its third-quarter operating

income plunge to NKr78m from

NKr382m last year. The latest result was reduced by NKr66m

because of early retirement

costs and substantially lower sales volume in the period.

The oil and gas division

posted an operating income of NKr167m versus NKr138m.

Light metals had an operating

income of NKr453m versus NKr393m amid rising primary

metal prices, partly offset by higher costs of raw materials.

The petrochemicals division

reduction is to be made, although Norsk Hydro declined

to quantify the move.

Mr Torvild Aakvaag, manag-

### Norsk Hydro scales down aluminium trade

By Karen Fossil in Oslo

NORSK HYDRO, Norway's largest publicly quoted com-pany, is to scale down activitics at Hydro Trading, its aluminium trading unit, because of continued heavy losses and move it back from Lausanne to Oslo.

unit, which lost NKr214m (\$32.3m) in the thirdquarter after a deficit of NKr226m in the previous quarter, will be integrated within the company's metals group.

The announcement coincided with the Norwegian conglomerate's profits statement, which showed a rise in net profits for the first nine months of 1988 to NKr2.18bn

from NKri.52bn. This was less than expected because of trading losses, reduced magnesium produc-tion, low oil prices, and a big fire at a vinyl chloride plant

which cost the company "tens of millions" in lost production. Net income in the third quarter slipped to NKr334m from NKr475m a year earlier

because of "specific operating costs of NKr421m and not forlifted operating income to NKr387m from NKr244m Paribas reports Investor buys

By Our Financial Staff MR PETER Fryckman, the Finnish entrepreneur, con-firmed yesterday that he holds a 10 per cent stake in Union Bank of Finland, Finland's biggest bank, and said he may

10% of UBF

buy more shares. He had accumulated the holding of "roughly 10 per cent" in the past two years. He said he exercised rights to buy new shares under UBF'S recent FM1.2hn (\$285m) share for the full year to increase by about 40 per cent to around gestions that he was acting in FFr2.4bn from FFr1.7bn last

concert with others. The publicity-shy shipping and real estate investor said Finnish hank shares were undervalued compared with the banks' ratings in foreign stock markets. "And banks are stable," he added. "You can go to sleep at night knowing the

bank won't go bust."

He was annoyed that Union
Bank had publicly discussed his holding.

44% increase By Paul Betts in Paris

PARIBAS, the French privatised investment banking group, yesterday reported a 44 per cent rise in first-half consolkiated net earnings, excluding minority interests, to FFr1.4bn (\$231.4m) compared with FFr973m in the first half

The blue chip investment hank also confirmed yesterday that it expected net earnings

These results would bring earnings back in line with the bank's long-term profit trend of 20 per cent annual growth after the hiccough of last October's stock market crash which depressed Paribas's 1987 earnings by about FFr300m.

Earnings from current operations rose to FFr826m in the first half from FFr690m in the first half of last year.

### Anger over Arnault calls

By George Grahant in Paris

FRENCH stockbrokers and institutions are bristling over Mr Bernard Arnault's latest plans for raising FFr2.4bn (\$396m) of new capital:

The French financier has accumulated a commanding position in the LVMH champagne, cognac and luggage goods company in a joint venture with the Guinness brewing group: On Wednesday he announced yet another in the series of cash calls and jugglings with the already complicated structure of the Agache group, of which he took control in 1984.

The latest operation aims at raising FFr2.4bn through the issue of equity in a new company combining the Au Bon Marché department store, the Conforama furniture retailing chain and La Belle Jardiniere, including mainly property

interests. The cash would then be passed to Christian Dior, the fashion house owned by Agache and through which it controls its joint venture with Guinness.

Mr Arnault already raised FFr3.3hn as recently as August in a private placing of Chris-tian Dior stock. Paris brokers say the relatively cool reception of the placing was due to investors' conviction that Agache would quickly have to come back to the market in one form or another to finance its estimated FFr7.5bn investment in LVMH.

Brokers also criticised Mr Arnault yesterday for effectively reissning Conforama little more than a year after floating it on the second market. The furniture retailer will contribute an estimated 80 per cent of earnings of the newly formed company, though less

of its assets. The end result of the operation will be yet more dilution for shareholders in Agache.

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Dec. 1507/1516 +11 Dec. 1856/1866 +14 Dec. 2130/2142 -39

- Prices taken at 5pm and change is from previous close at 9pm

### Bank Leu president quits after six months

By William Dullforce in Geneva

WERNER Schick. president of the executive board at Bank Leu, announced yesterday that he was resigning less than six months after he took over the job.

His announcement came after a meeting of the Bank Leu board on Wednesday.

Mr Schick fixed no date for his departure but said he hoped it would help to ease conflict that had started in May when a merger with BZ Bank Zurich was under discus-

This merger, which would have joined Switzerland's oldest and lifth largest commercial bank with one of its youngest and most dynamic, was supported by Mr Kurt Schiltknecht, the Bank Leu

The idea was abandoned in June when it became evident that it did not enjoy the full support of the Bank Leu management.

Mr Schiltknecht, a Social Democrat and former chief economist at the Swiss National Bank, had taken over as chairman earlier this year in the shake-up that followed Bank Leu's involvements in the Guinness-Distillers affair in the UK and the Dennis Levine insider trading case in New

# Epeda considers Pac-Man defence

By Paul Betts in Paris

THE CURRENT takeover pattle for Epeda-Bertrand Paure, the diversified French car seat company, could break new ground in the fast-moving French takequer scene by introducing the Pac-Man defence.

This is well known on Wall Street and involves a counterbid by a company under attack against its aggressor. It was first used in the early 1980s by Martin Marietta to fight off a

hostile raid from Bendix.

Banque Arjil, the recently established French investment bank, has proposed a Pac-Man defence to the embattled management of Epeda, which is struggling to fend off a hostile takeover bid from Valeo, the leading French car components group under the management control of Mr Carlo De Benedetti, the Italian businessman. Mr Christian Giacomotto, Banque Arill's chief executive, confirmed yesterday that he

had made a Pac-Man proposal

- named after the video game

- to Mr Pierre Richier, the chairman of Epeda, a fortnight ago. The plan would involve a takeover counterbid by Epeda against Valco. Although Valeo is far larger

than Epeda in terms of sales, the car seat manufacturer is in a strong financial position to launch a bid for its bigger raider. Indeed, Epeda's price/ earnings ratio is about five points higher than Valeo. Moreover, Valeo's share capi-

tal is not altogether secure with Mr De Benedetti owning 20 per cent and French Institutional investors another 20 per cent. However, Valeo's institutional shareholders could clearly reconsider their posi-

But Bpeda appears to be extremely reluctant to launch a Pac-Man attack against Valeo because it feels uncomfortable with the novelty and aggressiveness of such a scheme, Instead, It is trying to draw up an alternative defence with the belp of Crédit Commercial de France (CCF) and others.

However, there continued to be doubts yesterday on the chances of this alternative scheme getting off the ground because of the reluctance of the French car makers to become directly involved in the affair. Should the CCF-Michelin scheme fall through, Epeda may be seriously tempted to consider the Pac-Man defence plan to thwart

Valeo. The Epeda battle has already provoked a series of "coup de theatres" - first with the original Valeo bid for 60 per cent of the company, then with the controversial pact between Valeo and Chargeurs, Epeda's "white knight."

Then last week Chargeurs decided to put in a joint FFr3.7bn (\$611m) bid with Valeo for the car seat com-pany. This was followed by a row between the various bankers involved in the saga, and the decision of Valeo and Chargeurs this week to withdraw their joint offer.

### REPUBLIC OF TURKEY PRIME MINISTRY HOUSING DEVELOPMENT AND PUBLIC PARTICIPATION **ADMINISTRATION**

Çitosan, Cement Plants Located in Afyon, Ankara, Balıkesir, Söke, Trakya

Within the framework of the Turkish Privatization Programme, the Housing Development and Public Participation Administration (HDPPA) has appointed Türk Ekonomi Bankasi A.Ş. and La Compagnie Financière Edmond de Rothschild Banque as financial advisors, and is now inviting core investors willing to assume responsibility in the management of all or any of these firms to bid for minority acquisition of the company stock. The remainder of the shares will be offered to the public in compliance with the privatization programme.

The 1987 cement output of each plant is as follows:

467.212 tons Afvon Arikara 735.155 tons Balıkesir 423.000 tons 241.500 tons Söke 151.500 tons (white) 270.700 tons (grey)

The sale procedure will entail negotiations with prospective purchasers with a view towards the partial sale of the shares owned by HDPPA. Interested parties are invited to apply in writing not later than November 4, 1988 to:

> TÜRK EKONOMI BANKASI A.Ş. **Advisory Services Department**

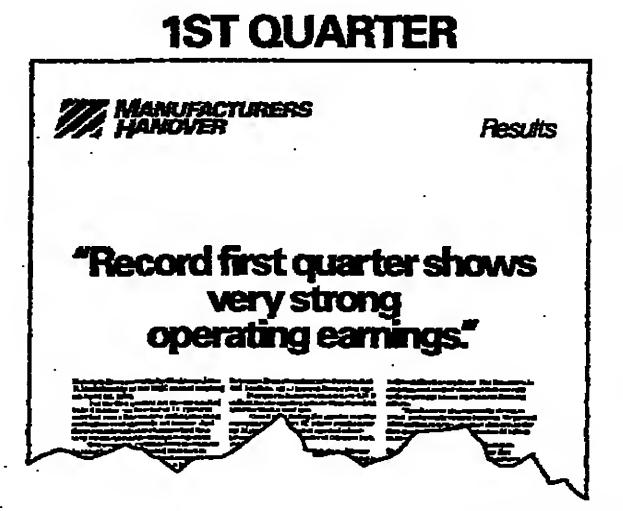
etildal Carl 284, Odalule 80050 Beyoglu, istarbul TURKEY Tel: (90) (1) 151 21 21 Tbr: 25 358 tebu tr Fax: (90) (1) 149 65 68



Performance

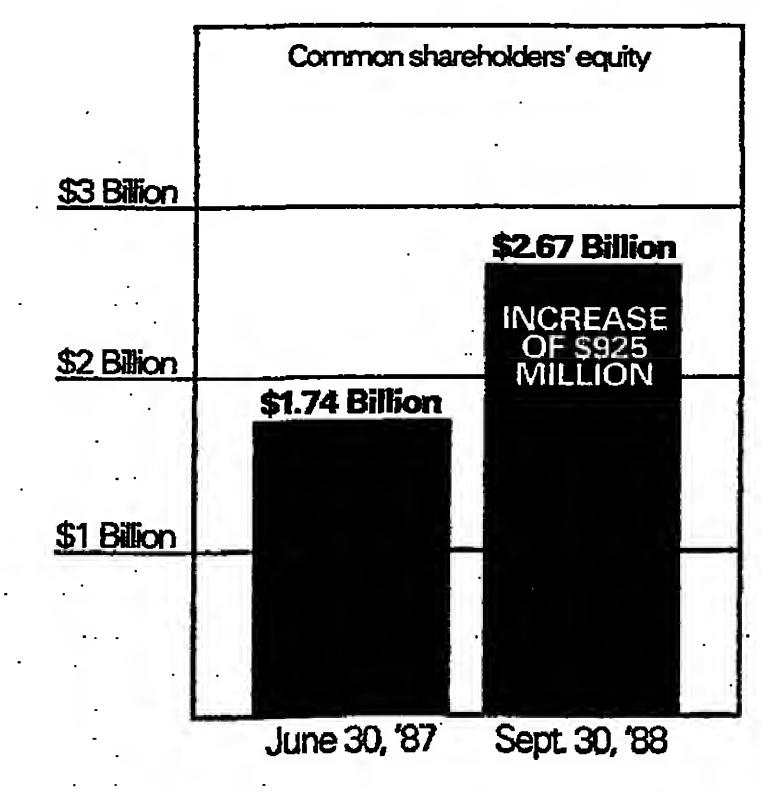
# "MOMENTUM"

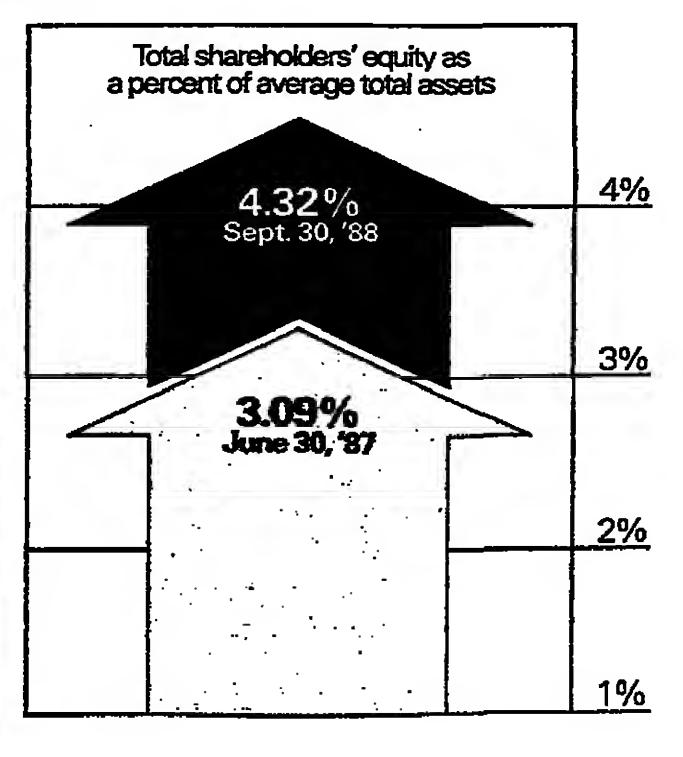
- · Total shareholders' equity reaches 4.32 percent
- Third-quarter earnings of \$197.7 million
- Nine-month earnings total \$741.2 million
- Operating expenses down 10 percent
- · Higher revenues from investment banking and corporate finance
- Earnings for The CIT Group up 80 percent





### **3RD QUARTER**





### INTERNATIONAL CAPITAL MARKETS

# Trade figure cheer sends gilt and OAT yields lower

By Stephen Fidler in London and Janet Bush in New York

GOVERNMENT bond markets on both sides of the English Channel allowed themselves a day of euphoria after September trade figures from both countries supplied a pleasant surprise to bond investors.

In the UK, where a £560m current account deficit was below nearly everybody's expectations, government bond prices rose by up to a point. Although they eased from their highs, a strong US bond mar-ket also provided support late

in the day. After August's dreadful figures, dealers were cautioned not to read too much into a month's figures which could have been distorted by the postal strike and where erratic items, which by definition tend not to follow trends, played a large and positive role.

Although in price terms, the long-end of the market gained most, in vield terms, short maturities came through strongly. Whereas yields on bonds maturing in 1995 and later were 15 basis points better, 1993 maturities were down 25 basis points and the shortest maturities up to 40 basis points

lower. The Bank of England was able to release some of its index-linked tap stock, due 2013, at a price of 96%, although that sector generally was left on the sidelines as the rest of the market advanced. Not to be outdone, the

French government reported a trade surplus of FFr400m, a turnaround from the FFr9bn delicit for the month before. Again there was caution,

UK GILYS

GERMANY

CANADA"

NETHERLANDS

AUSTRALIA

US TREASURY"

JAPAN No 105

Coupon

9 000

9.250 9.125

5.000

5.700

3 000

8.557

9 500

**5 500** 

12.500

London clasing, "denotes New York clase

FT-SE 100 SHARE INDEX ....

Yreids Local market standard

£ 500

9/37

1297

1C-38

7.00

17.38

encouraged by Mr Pierre Bérégevoy, Finance Minister, that it was too early to say a trend had been set but the market closed up to 70 basis points bet-

Yields on benchmark OATS in the 10-year area fell through the 81/2 per cent level, which dealers said bettered even the levels seen in the rally of 1986.

### GOVERNMENT BONDS

US Treasury bonds yesterday benefited from turmoil in both the equity market and the market for corporate bonds and shrugged off more weakness in the dollar.

By the close, prices stood as much as 4 point higher. The benchmark 30-year issue was quoted % point higher for a yield of 8.83 per cent. The buying started early in

the session on rumours, apparently unsubstantiated, that President Reagan would refuse to sign the technical corrections bill, passed by Congress, which includes authority for the Treasury to issue long bonds. Speculation revived that there would be no long bond auction at next month's quarterly refunding.

However, there were other reasons for the bond market's ability to override the negative effect of a weaker dollar. Firstly, personal income and spending figures released yes-

+ 18/32 10.00

+ 23/32 + 28/32

103-15 + 17/32 8.71 103-02 + 29/32 8.83

102.1165 - C.132 4.67 107.1195 - 0.001 4.96

101 5250 ±0.275 630

1015790 +0364 8.42

98.960C + C 600 9.66

101 7750 -0.200 6.28

100 1250 + G.775

9.53 8.94

8.45

107 1465 -0.057 17.92 17.73 11.88

Prices: US, UK in 32nds., others in decimal

Technical DetailATLAS Price Sources

Week Month

9.85 9.22

3.00

5.03

9 58 8.38

8.52 8.90

4.71

5.39 \$ 52

3.72 13.09

5.25 6.53

BENCHMARK GOVERNMENT BONDS

95-12

100-15

### terday were at the weak end of market expectations.

Secondly, bonds appeared to benefit from a flight to quality as stocks plummetted and the corporate bond market was unsettled by news that a \$1.15bn issue of Federated Department Store junk bonds, scheduled for this week, has been postponed due to lack of investor interest.

The euphoria among some on Wall Street about the spate of huge takeover proposals received a knock when Mr Alan Greenspan, Fed Chairman, warned banks to examine carefully the financing of leveraged buy-outs at times of recession or high inflation and recommended that Congress pursue its examination of tax incentives relating to the use of debt financing.

This official warning immediately injected a note of caution and high nervousness into the corporate bond market and investors seemed to take refuge in Treasuries.

Despite yesterday's rally, bond traders remained concerned about the longer-run outlook for the market. The vulnerability of the dollar, particularly with the quarterly refunding coming up, is making many of them nervous because of the need to attract overseas demand at the auc-

IN West Germany, the Bundesbank announced details of the new DM4bn 10-year federal government bond which will carry a 6% per cent coupon and be priced at 1001/2 to yield 6.31 per cent. This was in fundamentally in line with market expectations. The terms were considered attractive with demand expected to be high.

The secondary market firmed across the board in fairly high, largely currency driven, turnover with prices gaining an average of 20 basis points overall on the day. Dealers cited the easing of the dollar as the main factor behind the gains. The average yield on all public paper fell by 3 basis points to 6.05 per cent. The last 6% per cent federal government bond was fixed 15 basis points higher at 102.9 to yield 6.33 per cent.

# Futures scramble triggers global gold rush

Dominique Jackson on the ferocity of competition in the world's derivatives markets

move to 24-hour trading by the leading players in the international futures and options industry could threaten the viability of a number of smaller exchanges which have, to date, managed to corner the business in derlyatives on international instruments in their own time zones, according to a survey on the global derivatives business. However, smaller exchanges

specialising in local products should continue to be viable within their own market place. The survey, Futures & Options: Winners and Losers to be published on Tuesday, also concludes that the nascent Japanese futures industry could

soon be challenging the US exchanges' leadership in bond and share index futures, largely because of the size of the domestic Japanese mar-The survey's authors, Mr

and Mr Geoffrey Wyatt, draw the analogy of a gold rush to describe competition in the financial futures and options industry, with success largely dependent upon who is first to create a liquid market in a new instrument, making it almost impossible for any other exchange subsequently to make a success of the product. As such, the main US exchanges, such as the Chicago

Mercantile Exchange and the Chicago Board of Trade, where derivative products were first introduced in the early 1970s, have established a virtually impregnable position in many international instruments. However, the swift rate of globalisation of international capital markets during the intervening years has contributed to the explosive growth and proliferation of futures and

options exchanges in competing centres. Trading The dismantling of controls

on international capital flows, the deregulation of domestic markets and the implementation of new information technology saw a second wave of entrants, among them the Chicago Board Options Exchange and the Philadelphia Stock Exchange in the US and the London International Financial Futures Exchange and the European Options Exchange in

Europe. While Chicago remains the centre of the world's futures and options business, the proliferation of exchanges was not necessarily by mere replication or cloning of the successful Chicago formulae. The authors of the survey examine the process of speciation - the creation of new varieties of exchange, each with its own niche, designing contracts or relevant to its own circum-

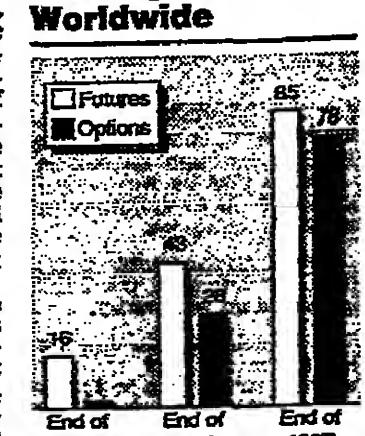
According to their research, the most successful financial futures and options exchange outside the US is probably Liffe, which offers a wide range of interest rate, currency and index futures and options contracts, including those on the four major international government bonds.

The Sydney Futures Exchange is also commended for its success, if volume alone is not the sole measure. It still dominates the West Pacific Basin and although it operates on a relatively small scale, it provides a diversified range of products and has fungible trading links with Liffe and

Two rapidly emerging centres are identified in the report - the Marche a Terme d'In-

CORREX

instruments



struments Financiers in Paris and the Tokyo Stock Exchange (TSE). Both are currently successful in terms of contract volume. However both currently rely on a single government bond future although diversification to take both exchanges into the global first division is already underway.

The Matif, according to the survey, aspires to being continental Europe's main futures market. It has recently introduced a stock index and a three-month interbank interest contract. Planned contracts include Eco, French franc and gold futures to gear the exchange for the unified European capital market in 1982.

The TSE, with a world-besting Japanese Government Bond futures contract, began trading stock index options earlier last month. Foreign bond contracts will be available next year. The authors believe that Tokyo could

become a significant centre for

futures and options within the next two years, perhaps rivalling Chicago, providing that tax or other financial obstacles do not obstruct its progress.

The survey also examines the criteria for the success of a derivatives exchange, measured commonly in the income it generates for its owners or members. The Chicago exchanges are commended for their knnovation, designing from scratch new varieties of contract for trade on their floors and thus safeguarding their position - once an exchange establishes a liquid

market, it is extremely difficult for others to dislodge it. Thus, Liffe, with its recent introduction of a German goverament bond futures contract, has a fair chance of stealing a head start on the proposed German futures exchange, the DTB, which will not be up and running until late next year. An important external factor affecting the competitive edge of exchanges is the prevailing

tax and regulatory regime, For example, proposed turnover taxes in Japan could inhibit the development of business in international instruments on the TSE. Regulation has severely held up the development of the DTB while a fairly lax regulatory regime may have aided the Hong Kong Futures Exchange for a while but eventually contributed to its disastrous performance at the time of last year's world

stock market crash. Looking sheed, the authors examine recent developments aimed at creating a 24-hoor global futures industry. mportant initiatives by various exchanges to forge fungible links with other exchanges in complimentary times renes

Many have been held up by bureaucratic red tape while those launched have generated meagre volume. The CBOT and PHLX have successfully extended their trading hours to meet the needs of clients in different time zones, a route which seems to have met with more success than interes change link-ups.

The most recent, and controversial development aimed at the globalisation of the industry is the CME's proposal, igintly with Reuters, to set up an electronic trading network operating on a 24-hour basia. The system, known as Glober. would theoretically permit non-US clients to use the CMB at any hour of the day, thus enshing it to globalise its contract markets without the need for further linkages on

extended hours. Honever, despite the CME's eathusiasm for out-of-house screen trading, the authors doubt whether locals will perficinate enough in it to create. the necessary liquidity required. So far, acreen-based tending has worked restouably well in small indional markets where the participants are gengraphically dispersed like New Zootand er Sweem.

However, the authors contend that the myriad technical problems, with such things as frading procedures, margin levels, daily price limits and contract guarantee consistency.... imply that the industry may have to experiment with verious systems before global futures and options trading along these lines can be firmly

established : Futures & Options, Winner and Losers by Richard Dale James Lestie and Geoffres West from Pinancial Pime: have by and large foundered. Husiness information

### Amtrade Partners rethinks strategy for grey-market trading

By William Dullforce in Geneva

AMTRADE PARTNERS, the company set up in Geneva a year ago by American Express Bank and 15 traders from Chemical Bank to exploit the grey market in Swiss bonds is having to "restructure and rethink," Mr Heinz Zimmer, the vice-chairman responsible for Amex Bank's Swiss

operations, said yesterday.

Two senior partners, Mr

Financial and Properties Oils .....

EQUITIES

Andre Heusser and Mr Andre

Buchler, quit after differences emerged with the other partners over strategy.

Lines and limits for Amtrade's grey market business - pre-market trading in bonds before the end of the public subscription period for new issues - had been set at the start last year but the two wanted Amtrade to take peritions in the market, regulring substantial investments.

1,562

Mr Henser and Mr Buchler have now joined Unigestion, the Geneva-based finance company, to set up a market making operation.

Another important factor in the disagreement generated in Amtrade appears to have been the arrival on the grey market this summer of Credit Suisse. The big Swiss bank started trading from the centon of There to avoid the han on grey

market operations in Burick. Mr Zimmer said the market had been dull since the sammer with low issue activity, so that it was too early to seems Credit Suisse's impact. Other traders say that the big bank has already secured a large share of the market.

Amex Bank, which subscribed two-thirds of Amtrade's Serson (DS\$10m)

said. It expected the othe. perture to produce scene. Br Joan Claude Birchier -where dismissed after a disunte over management respor of the 15 traders from Chem. cal Bank in June, 1967, is mar. Chambeal Bank and Citicor, pipagered grey marks

"silent partner." Hr Zimme

### FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS		Thursd	ay Oct	ober 2	7 198	3	Wed Oct 26	Tue Oct 25	Mos Oct 24	Year ago (approx)
	& SUB-SECTIONS			Est.	Gross	Est		20	2	£7	{ zatshi oto
Fig	pures in parentheses show number of stocks per section	Index No.	Day's Change	Earnings Yield% (Max.)	Div. Yield% (Act at (25%)	P/E Ratio (Net)	xd adj. 1988 to date	Index Na,	Index No.	Index No.	Index No.
	CAPITAL G000S (210)			10.56	4.11	11.70	22.05	819.66	821.25	819.33	688.43
2	Building Materials (28)	1040.66	+1.1	11.69	4.27	10.56		1029.54	1646.31	1834.54	910.44
3	Contracting, Construction (38)	1594.80	-8.3	11.66	3.70	11.19			1612.09		
4	Electricals (12)	2342.51		8.94		13.61			2345.86		1823.73
	Electronics (29)		•	10.10		12.75			1771.84		
	Mechanical Engineering (57)			10.14	4.16	12.10	12.27				the second secon
	Metals and Metal Forming (7)	494.88		9.83	3.96	12.58	10.06				
9	Motors (16)	287.26	-9.4	11.72	4.69	9.88	8.12				
TO	Other Industrial Materials (23)	1307.73	+0.1	9.69	4.47	12.20	43.86		1366.46		1141.71
22	CONSUMER GROUP (186) Brewers and Distillers (21)	1140 61		9.17	3.66	13.74			1092.49		
25	Food Manufacturing (21)	17444'0T	+0.1	10.32 8.91	3.59 3.82	12.22			1153.37		
76	Food Manufacturing (21) Food Retailing (16)	7020 10	+0.5	9.09	3.48	14.20 14.53	19.54 42.23				
27	Health and Household (12)	11333.10	70.0	6.73	2.55	17.17			1914.62 1929.36	1030 03	2828.73
29	Leisure (30)	7406.50	+0.2	8.71	3.66	14.73	20.01	1484,41		1401.29	
31	Packaging & Paper (17)	558.59	-0.3	9.99	4.01	12.75		560.31			
32	Publishing & Printing (19)	3477.15	+0.2	8.27	4.09	15.10	81.48				3256.04
34	Stores (34)	771.22	+0.3	10.83	4.33	12.15	17.70			766.13	
35	Textiles (16)	523.07	-0.1	13.27	5.31	8,85	13.82				
40	OTHER GROUPS (92)	920.61	+0.4	18.98	4.37	11.11	22.92				_
41	Agencies (19)	1085.23	-0.2	8.12	2.56	15.50			1999.71		954.56
42	Chemicals (22)	1871.41	+0.3	11.91		10.08		1068.24	1875.77	1077_15	952.76
	Conglomerates (12)			10.38	4.49				1253.38		
	Shipping and Transport (12)			11.55	4.73	11.33			1947,07		
	Telephone Networks (2)			11.31	_	11.47	20.38	981.72	981.21	975.97	892.77
	Miscellaneous (25)			11.06	4.25	10.29	37.24	1268.38	1260.48	1257.89	1183.86
49	INDUSTRIAL GROUP (488)	989.96	+0.2	10.03	3.97	12.37	22.76	988.38	988.16	987.35	872.72
51	0il & Gas (12)	1733.87	-0.1	10.85	6.41	11.80	76.79	1735.97	1731,01		
59	500 SHARE INDEX (500)	1953.48	+0_1	18.14	4.38	12.29	27.28	1052.20	1051.59	1858.28	940.70
61	FINANCIAL GROUP (123)	696.17	********	_	5.14		23.97	695.84	696.20	699.92	624.85
62	Banks (8)	675.42	I.0-	20.78		6.45	31.13	676.32		690.63	
65	Insurance (Life) (8)	989.26	-0.1	_	5.36	_	39.81	990.39			
66	Insurance (Composite) (7)	532.31	-0.3	-	5.87	-	22.33	533.93	533.56	533.27	
67	Insurance (Brokers) (7),	964.65	+0.3	9,24	6.69	13.58				966.75	
68	Merchant Banks (11)	350.10	+0.4	<b>!</b> –	4.28	_	9.20	348.64		342.24	
69	Property (51)	1235,07	+0.6	5.47	2.68	23.34		1228.04			
70	Other Financial (31)	375.18	-8.2	16.23	5.31	12.29	11.66	375.88	373.59	372.96	
_	Investment Trusts (77)	,		_	3.11	-	15.97	935.14		936.99	
	Mining Finance (2)			11.12	3.80	10.02		554,94		575.63	
	Overseas Traders (8)			9.26	4.53	12.62	49.44	1363.15			
	ALL-SHARE INDEX (710)	· -		-	4.39	_	26.02				
		index	Day's	Day's	Day's	Oct.	Oct	Oct	Oct.	Oct	Year
		No.	Classe	High	LOW .	25	25	24	21	20	ago

	FIX	ED I	NTE	RE\$	T			AVERAGE GROSS REDEMPTION YIELDS	Thu Oct 27	Wed Oct 26	Year ago (approx.)
	PRICE INDICES	Thu Oct 27	Day's change %	Wed Oct 26	xd ad). today	xd adj. 1988 to date	1 2 2	British Government  Low 5 years  Compose 15 years	9.54 9.13 8.86	9.56 9.24 8.94	8.67
3	irredeemables	120.25 138.10 149.73 16 <del>9.9</del> 4 135.07	+0.72 +0.90 +0.64	119.71 137.11 148.39 168.86 134.17	- - -	9.71 11.51 12.64 13.38 11.13	789	Medium 5 years	9.90 9.36 9.09 10.02 9.50 9.12 8.85	10.06 9.47 9.17 10.19 9.60 9.24 8.98	9.29 9.37 9.15 9.37 9.54
7	Index-Linked 5 years Over 5 years All stocks	130.43 127.47 127.50	+0.29	130.40 127.10 127.16	-	1.81 2.96 2.85	13: 14	Inflation rate 5% 5yrs Inflation rate 5% Over 5 yrs Inflation rate 10% 5 yrs Inflation rate 10% Over 5 yrs	2.79 3.61 1.64 3.44	2.80 3.63 1.64 3.46	3.29 4.29 3.44 4.32
9	Debeniures & Luans	118.31	+0.13	118.17	_	9,40		Debs & 5 years Loans 15 years 25 years	11.63 11.60 10.70	11.76 11.03 10.70	11.32 . 10.81 10.81
10	Preference	91.52	+1.20	90.43	_	5.08	18	Preference months and the	9.85	9.97	10.98

.... 1852.1: +1.4 | 1864.7 | 1845.1: 1850.7 | 1847.8 | 1848.4 | 1859.3 | 1864.3 | 1682.8

#Opening index 1850.0; 10 am 1846.3; 11 am 1846.4; Noon 1858.7; 1 pm 1864.2; 2 pm 1863.5; 3 pm 1858.2; 3.30 pm 1858.5; 4 pm 1853.8 ; Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday Issues. A new list of constituents is available from the Publishers. The Financial Times, Bracken House, Cannon Street, London ECAP 4BY, price 15p, by post 34p. If the proposal that Abbey Life should become a subsidiary of Lloyds Bank becomes effective, Abbey Life will be deleted from the indices.

### LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY Fair British Funds
Corporations, Dominion and Foreign Boads Industrials .....

702

### LONDON RECENT ISSUES

Izat Price	Amount. Fak	Later.	198	3	State	Co.	+ 37	Det.	125	ij.	PE
Price	7	(22)	High			Prince		52	Sa:		Reio
· · · · · · · · · · · · · · · · · · ·		14/10	ST SS NASSET IN SING NASSES	38357 21432 124 126 4 13	Acero law. Tst. £1 Accaliganated Fin. Wrints. AChieftain Group 5p Colomiade Dev. Cap. £1 "Ediobargh Hiberman 2p Glasgow Inc Trast Wrints" Themia West Ir10p Meyers Group 5p Meyers Group 10p Mesemarket Venture Cap. 5p Racal Telecom 5p Raiston Intestment Tst Ritz Design Group 5p MAC Group SMAC Group SMAC Group	85 11 12 18 7 18 15 15 15 15 15 15 15 15 15 15 15 15 15	-1 -2	84.2 1.0 84.2 015.5 R1.28 11.5 12.5 12.5 12.5 12.5 12.5 12.5 12.5	. 25 - 25 - 2 - 325	10 31 27 27	101 120 61 31.5 11.2 16.9
\$20 \$37 \$80 \$145 \$115	F.P. F.P.	14/10	25 12 12 12 12 12 12 12 12 12 12 12 12 12	144	SSWP Group  Specialnes 2n  Succet & Vine 5p  Seculorificit 5p  Thomason Cline loes, 50p	115	구역의구역	90.5 11.83 12.4 85.0	23 17 39 26	31]	17.0 20.6 12.9 17.9

Issue Price	Arrount. Pald	Latest Resund	29	68	Stock	Closing Price	+ ar
£	DD	Date	High	Low		£	-
100.30 100.89 100p 100p 100p 100p 100p 100p 100p 100	F.P. P.	28/10	SENEWENS SEL	997-10 10110 205-10 30 10110 830 910 1099	Coloroll Gra Spc Cm Rd Pri 2006 10a	100 25 25 25 25 25 25 25 25 25 25 25 25 25	+ <u>-</u> 2

issae Price	Amount Paid	Latest. Resunc	19	88	Strock	Closing Price	+07
9	90	Date	High '	Low"	SIDA.	b.	•
36 45 25 26 26 26 26 26 26 26 26 26 26 26 26 26	장류子운격준립왕종조·경동화	22/1 22/1 22/1 22/1 8/11 7/10	45年 第27 17 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	355 355 2135 2135 2135 2135 2135 2135 21	Angilia Secure Homes LCp  Sentox Hidgs. LOp  Carrid Group LCp  Carridox Communications 5p  Clyde Petroleum  SCompsoft Hidgs  Fitch Lowell 20p  Queens Moat Houses 5p  SRegina Health & Beanty Products 2p  Films Food Group 5p  Standard Chartered  Sutcliffe Speakings  Tysons LOp  Tysons LOp  Tysons LOp	46年第二5年 年 5 日 日 1 日 1 日 1 日 1 日 1 日 1 日 1 日 1 日 1	1 146
dividenci, con est, mates, fo esmeal ised o by tender 4 esmeal in con	er and ple r 1988. N Byldend,co Offered to specifica wi	hased on Dividend a ver and p/o bolders o	latest anny nd yleid base ratio bases n ordinary	al saming ed on prese on prospe shares as	extinutes.d Divident rate paid or payable of extinct and yield a Divident and yield exchain a based on previous year's carnings.l. Est is the Divident and yield based on Pressecut ectus or other official estimates for 1989. Estimates for their official estimates. Wifin Ford a "rights".t introduction. Plastop price to over a Allotosent price & Unlisted Securities and Market.	ම් සහ කො ද ඇත්තැදී දි මූ ලිදුනු දි	

RIGHTS OFFERS

### TRADITIONAL OPTIONS

First Dealings Last Dealings Aug 5 Last Declarations Oct 27 For settlement Nov 7 For rate indications see and of London Share Service

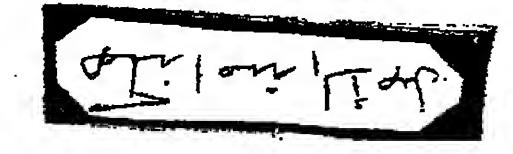
Calls in Greenall Whitey, Myson, lbstock, Lowho, Rothmans, Leisure lavs, Norfolk Cap, Chloride, Assoc. Energy and Blue Arrow. PCalls in Trusthouse Forte.

### LONDON TRADED OPTIONS

share capital, was essentially a

THE PARTY OF THE P Jas Acr Jul Jan Air Jul Option No. Feb May No. Feb May Dot on ALLes Liens Prudential (\*154.) : 167 1 6 P. Cable & Wire (\*395 ) COSE SCA (416') Contach Blue Circle Cora. Union (°335 ) G.E.C. (\*171 ) ("330 ) (\*454 ) C10577 Wickerd B Land Securities (7584) Sears ("135 Maris & Speacer (\*171.) (\*661) (\*500 ) Rolls-Royce (°137 ) Option Dec 15 Salosbary ('211') Option Shell Trais. (°982 ) Trafalgar Hoose Sections (P475) (\*310 ) (\*235 ) 35 Det Mar - May Dec Mae - Min Woolworth 260 17 25 31 12 15 20 280 9 15 20 25 27 22 300 Hanson (\*150 ) Nov Feb May Nov Feb May (457) 390 / 420 460 57 53 Esterprise Oil Scot, & Newcastle (\*400 ) Feb May Now Feb May Brit Aero (°485 I BAA (7263 ) (\*480 ) Grinness (%344) LASMO (°506) (\*582 )

22 Total Contracts 45 867 Calls 30,000 Puts 15,867 FT-SE Index Calls 4157 Puts 6785 "Underlying security price."



# World Bank dollar issue taps rich demand vein

By Dominique Jackson

THE WORLD BANK returned to the Eurodollar straight mar-ket yesterday with a popular issue which underlined the recent sharpening of credit per-ceptions in international fixed-income markets, as investors continued to shun debt from US industrial corporates. Deutsche Bank Capital Mar-

kets was the lead manager on a \$300m deal for the World Bank, which tapped into a strong vein of continued demand in the 10-year maturity area of the market

The deal came at an initial yield margin of around 35 basis points over comparable Treasury issues and saw such brisk demand that this spread soon narrowed to around 27 hasis points. By the end of the day, it had settled down to a margin of around 30, establishing a reasonable yardstick for top borrowers at this kind of maturity. The deal was bid at a discount of 1.40 on brokers' screens by the end of the day, well inside its total

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The spread margins on the latest crop of fop quality new issues appear to reflect increased investor preoccupation with credit worthiness. The market appears less concerned with demanding a significant rise in spreads in line with lengthening maturities for the same borrowers con-

US DOLLARS

World Bank

D-MARKS

EIB+

Selyu Słores

First Austrian Bk(c)

Final terms fixed on:

Footwork Corp.(b)+4

CANADIAN DOLLARS

Ferrovia dello Stato

FRENCH FRANCS

Zanders Int. Finance(a)#4

Nippon Koki Co.Ltd.\*\*

US BOLLAR
STRAIGHTS
Abbey Kational 71, 92
Amer. Brands 87, 42

A/S Eksport/leans71 93..... A/S Eksport/leans71 92..... Barc. Bk. Fla. 104 89....

British Telecom 7 1: 96.

Canadian Pac 16 k. 93

C.N.CA74 91...

but is now more interested in marching the pricing of a new deal with the gradit of the bor-

The initial spread of 75 basis points over comparable Treasuries, with which a \$150m straight issue for Selvu Stores came to the market, was generally deemed as fair and the five-year issue, which carries the guarantee of Dai-Ichi Kan-

### INTERNATIONAL BONDS

gyo Bank, was positively received although much of the demand was reportedly from Japanese accounts. Nomura International led the deal, 1.70, still within total fees, by the end of the day.

The Japanese corporate scene is still perceived as fairly orderly in comparison with its US and European counterparts and a substantial amount of investor demand remains for correctly-priced corporate

The recent ructions in the US domestic corporate bond markets and the widening of spreads and loss of liquidity in outstanding Eurobond issues

NEW INTERNATIONAL BOND ISSUES

54

104

borrower has option to refix coupon and maturity for any period between 2 and 11 years.

Listed are the latest international bonds for which there is an adequate secondary market.

200 954 954 +04 +04 9.20 Br
150 197 974 +05 +01 9.76 Br
150 1943 954 +03 +03 8.90 C
150 954 954 +04 +04 8.90 C
150 954 954 +04 +04 8.90 F
200 1014 1024 +04 0 9.00
250 913 913 +04 +04 9.20
168 1974 973 +04 +04 9.20
1600 994 1004 0 -04 9.03
100 1024 1054 0 0 9.81

99½ 100½ 0 -0½ 9.03
1102½ 105½ 0 -0½ 9.03
1102½ 105½ 0 -0½ 9.03
1102½ 105½ 0 -0½ 9.18
100 100½ +0½ +0½ 9.18
100½ 100½ +0½ +0½ 9.04
100½ 100½ +0½ +0½ 8.71
97½ 97½ +0¼ +0½ 8.95
95½ 95½ +0¼ +0½ 8.95
101½ 102 +0½ +0½ 8.95
101½ 102 +0½ +0½ 8.98

754 744 104 0 8.95
985 994 0 0 8.68
944 954 104 105 8.84
1004 1004 104 104 9.28
98 984 104 104 9.29
915 924 104 105 9.32
94 945 104 104 9.00
984 985 104 105 105 0 9.04
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30¼ 100¾ +0¾ 0 10.16
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99¾ 100¾ +0¾ -0¾ 9.27
93¾ 93¾ +0¾ +0¾ 9.39
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97½ 98¾ +0¾ +0¾ 8.92
91½ 98¾ +0¾ +0½ 9.07
102 102½ +0¾ +0½ 8.82
97¾ 98 +0¾ +0½ 8.82
97¾ 98 +0¾ +0½ 8.83
193¾ 93¾ -0¾ -1 9.13
97¾ 98¾ +0¾ +0¼ 8.83
193¾ 93¾ -0¾ -1 9.13
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104½ 105¾ +0¾ +0¾ 9.27
104½ 105¾ +0¾ +0¾ 9.00
100½ 100¾ +0¾ +0¾ 8.95

994 +04 +04 8.64 107 -012 -01 9.28 95 0 0 8.91

1024 0 +0% 5.33 101 +0% +0% 5.65 101% 0 +0% 5.38 104% +0% 0 -5.83 100% +0% +0% 5.30 100% +0% +0% 5.44 97% +0% +0% 5.93 100% +0% +0% 5.94 101% -0% 0 5.85 101% 0 -0% 5.93 106% 0 0 5.77

100

181<sup>1</sup>/<sub>2</sub> 101<sup>1</sup>/<sub>4</sub> 101<sup>1</sup>/<sub>2</sub>

100

\*\*Private placement. With equity warrants. Final terms. a)Each DM1,000 has two warrants to buy 4 preference shares at DM192 per share. b)Coupon fixed as indicated. c)Retractable bond - after 4 years

FT INTERNATIONAL BOND SERVICE

Elec. De France 514 94.....

Elec France 10 4 95 CS....... Elec France 10 4 95 CS....... Fad. Birs. Dr. Bk. 94, 92 CS....... Ford Cr. Cam. 10 4 93 CS........ Gillette Cast. 94 93 CS....... G. M. A. C. 94, 93 CS....... G. M. A. C. 94, 92 CS........ G. M. A. C. Aks. Fig. 14 90 AS......

Ned Midd Bank & 92 FL.,.....

time to keep investors away from the sector and has also affected confidence in similar paper from Continental European companies, which many believe could become the focus of increased takeover activity ahead of the single European market in 1992.

The European Investment Bank isunched a FFr550m deal via Credit Commercial de France which came to the mar-ket at a yield margin of around 23 basis points over compara-ble government issues. The top quality of the borrower proved attractive and the deal was also propelled by a buoyant tone to the secondary market following the announcement that the French trade balance for September had returned to a surplus of FFr400m following a shock FFr9bn deficit in August The deal was well bid

within its total fees. Deutsche Bank in Frankfurt brought a DM100m deal with equity warrants attached for a unit of West German paper manufacturer Zanders. The 10year deal met instant and enthusiastic demand, attributed by dealers to investor recognition of the borrower's name and the issue was soon trading at around 128 bid compared with an issue price of

2/13 Doutsche Bk.Cap.Mkts.

13 /1 Deutsche Bk.Cap.Mkts.

Closing prices on October 27
Change as

Change and

Matured Bid Offer day week Yield

50 994 994 0 +04 10.37
150 984 984 0 +04 6.00
200 984 993 0 0 6.01
150 1004 1014 0 +04 5.98
100 984 994 +04 +04 13.12
250 974 98 +04 -04 10.64

10 101.23 101.33 22/02 3.83
1 99.86 99.91 9/11 11.16
0 100.05 100.15 24/02 11.87
01 99.96 100.03 13/01 10.44
1 95.87 96.88 11/02 11.41
02 99.87 99.92 30/12 12.06
07 100.07 100.17 18/11 11.62
0 99.90 100.00 4/02 8.62
188 100.45 100.55 13/02 8.87
01 99.83 99.88 13/01 12.12
01 99.73 99.78 21/11 11.62

Cov. Cov

date erice Bid Offer day Press
8/87 62. 105 106 0 17.58
17/86 26.25 95 97 +1½ 3.36
9/87 56.7 107 108 -1¼ 7.63
4/87 967. 134½ 136½ +0½ 4.12
12/63 472.7 190½ 191½ -0¼ 10.94
4/87 200. 95 96 -0½ 9.30
5/84 1106. 229½ 230½ -4¼ -1.20
\*14/88 1069. 130½ 130½ 0 3.35
6/87 6.72 95% 96% 40% 12.44
9/87 69.62 83½ 84½ -0½ 12.44
9/87 69.62 83½ 84½ -0⅙ 19.79
2/86 1004. 96½ 97½ -0¾ 30.13
9/87 3157. 118 119½ 40½ 4.31
10/86 1903. 134½ 135½ -0¾ 4.7½
11/87 4.3 100½ 101½ 0 142.6
4/88 884. 106 107 -0½ 8.9
4/87 1510. 175 176½ -4
4/87 64.75 66% 66% 0 52.7
1.86 3.5 115 116 0 3.1

No information available-provious day's price

† Only one market maker supplied a price

effective. Spread = Margin above six-month offered rate (stirree-month; sabove mean rate) for US dollars. C.con = The correst.

Convertible Bonds: Denominated in dollars unless otherwise indicated.

Cleg. day - Change on day. Car date - First date of conversion into stares. Cov. price - Nominal amount of bond per share expressed

Nomura Int.

24/112 Dalwa Europe

13/14 Banque Paribas

212/112 Deutsche Bank 15/118 IBJ (Germany)

TRAIGHTS

Stated Sid Offer slay work Yield

55 1024 1022 404 403 4.73

45 98 983 401 401 403 5.01

80 991 993 401 401 401 4.80

20 1004 1013 0 403 4.90

514 93 1004 1013 0 404 5.05

50 1001 1004 404 404 405 5.00

150 1034 1034 404 404 404 4.80

820 991 991 991 401 401 4.80

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60 1034 1035 1035 405 405 4.80

60 1034 1035 1035 405 405 4.80

at a discount of 1%, well

### Switzerland lifts last bar on banks' SFr lending

By William Dulfforce in Geneva

THE SWISS National Bank yesterday lifted its last restric-tion on bank lending in Swiss francs. Banks no longer have to seek its authorisation for each medium or long-term credit above SFr10m (\$6.6m) granted to borrowers outside Switzerland.

It no longer matters whether the bank, or bank syndicate, making a Swiss franc loan is resident in Switzerland or abroad. Underwriting of Swiss franc bond issues, however, remains restricted to banks domiciled in Switzerland.

SNB's latest move brings Switzerland into line with British and West German practice, Dr Markus Lusser, the SNB president, said.

One exception remains to full liberalisation of the credit sector. Permission will still be required for loans to South Africa, Switzerland does not apply sanctions. Dr Lusser said that it pursued a policy of maintaining business with South Africa at earlier levels, without expanding it, and this required some control.

The credit relaxation is not expected to result in any big increase in Swiss franc loans. Last year, credits accounted for SFr11.3bn of total Swiss capital exports of SFr47.3bn and some foreign banks had already started to grant Swiss franc credits.

SNB's rule, applied with the co-operation of the West German Bundesbank and the Bank of England, that banks underwriting Swiss franc bond issues must be domiciled in Switzerland cannot be dropped, as long as federal government stamp duty is applied to bond transactions.

Mr Otto Stich, the Swiss Finance Minister, has so far blocked the abolition of stamp duty, which is recommended by the SNB.

### Sedgwick links with Ginsen

By Stefan Wagstyl in Tokyo SEDGWICK GROUP, the UK's largest insurance broker, has forged a co-operation agreement with Ginsen, Japanese insurance broker belonging to the Sumitomo group of compa-

Sedgwick hopes the deal will give it greater access to Japanese companies. Ginsen wants to tap Sedgwick's knowledge of foreign markets, especially in the US, where Sedgwick has large subsidiary in Fred S. James.

Under the terms of the deal, Ginsen will bring to Sedgwick Japanese clients which want to expand in the US and need insurance broking services. Sedgwick will give Ginsen advice on how to structure complex risk-management

At the same time, Ginsen plans to establish a fullyowned subsidiary in New York, while Fred S. James will open an office in Tokyo.

Sedgwick hopes to generate business from Ginsen's wide links with other companies in the Sumitomo group, which consists of dozens of companies gathered around Sumitomo Bank, one of Japan's largest commercial banks. Ginsen is an agent for Sumitomo Marine and Fire, the fourth largest non-life insurer in

Ginsen, an unlisted company, is 49 per-cent-owned by Otemachi Tatemono, a property company which is also affiliated to members of the Sumitomo group. In the year ended March, 1988 Ginsen had revenues of Y6.25bn (\$49.7m), of which 40 per cent was from insurance broking and the rest from real estate management.

### Citibank cancels CD

CITIBANK has cancelled a planned HK\$250m (US\$32) 10year floating rate certificate of deposit issue because of difficulties over country-risk provisions, Reuters reports.

Although the bank and its underwriters had agreed in principle, there were problems risk section, Antony Leung a bank director said. The CDs mature in 1998, while Hong Kong reverts to Chinese sovereignty in 1997.

Mr Leung said Citibank had accepted responsibility for breach of agreement by its branches but not for government restrictions such as exchange controls.

Banking observers said this was believed to be the first time a country-risk clause would have been in a Hong Kong CD issue. "We can start a new issue when the problem has been solved," Mr Leung

### RAND MINES LIMITED

### Performance In Second Half Exceeds Expectations **Attributable Earnings Increase** Final Dividend Raised

Extracts from the audited consolidated results of Rand Mines Limited and its subsidiaries for the year ended 30 September 1998,

	1988 Rm	1987 · Rm	Change %
Turnover	957.3	855.6	+12
Profit before taxation	241.9	220.8	+10
Profit attributable to shareholders	164.5	153.5	+7
Extraordinary charges at to ordinary shareholder included above			
Total assets	2 413.8	1 848.0	+31
Earnings per share	1 467c	1 369c	+7
Dividends per share	450c	435c	+3
Interim	105c	105c	
Final	345c	330c	+5
Dividend cover	3.26	3.15	+3

Final Dividend

NOTES **Extraordinary Items** 

The extraordinary charges of R34.3 million relate primarily to a portion of the cost of control in the acquisition of a majority shareholding in Lelkochrysos Limited (Lelko).

 Group profit attributable to members amounted to R164.5 million which represents a 7% improvement over results of 1987. This represents a considerable turnaround on the results of the first six months when an 18% decline over the corresponding period in 1987 was reported.

. In view of the improved results and the strength of the Group's financial position a higher final dividend has been declared making a total distribution for the year of 450 cents.

\* The Group acquired a substantial interest in Lefkochrysos Limited in September 1988 through its subsidiary Barplats Investments Limited. Subject to appropriate shareholders' approval, Barplats will increase its investment in Lefko to 72% on a fully diluted basis.

\* Lefko will commence production of platinum group metals in June 1989. This will provide the

herem on the past is not necessarily a cruide to the future.

Financial Services Act 1986 (the 'Act')

Group with an entry into the platinum market some 3 years sooner than was planned, through Barplats' Rhodium Reefs' development.

Contributions to Group profits from coal sales by

A final dividend of 345 cents (1987: 330 cents) per share

has been declared in terms of the accompanying dividend

Khutala Colliery to the Kendal power station commenced in 1988. Establishment of the Barbrook gold mine and

metallurgical plant is progressing satisfactorily. The plant will be commissioned in the fourth quarter of 1989 as planned. \* Development of the Majuba Colliery is to be

curtailed in line with Eskom's decision to defer commissioning of the Majuba power station by 41/2 years. \* A considerable improvement in the US dollar

export price and a lower rand contributed to significantly better results, from the Group's coal division, in the last six months.

will be advertised on

RAND MINES

This advertisement has been approved on behalf of the Company as issuer by a member of IMRO, since the Company

itself does not conduct investment business and accordingly is not subject to regulation under the Act. Information

Republic of South Africa)



BREAKING NEW GROUND EVERY DAY,

# SPONSORED SECURITIES

						Gross	Yield		
	High	Low	Company	Price	Ckange	dir (p)	%	P/E	
	235		Ass. Brit. led Ordinary	235	0	8.7	3.7	8.8	
	235	186	Ass. Brit. Ind. Culs	235	0	10.0	43	• •	
	40	25	Armitage and Rhodes	40	+1	-	-	-	
	57	35	888 Design group (USM)	35	D	21	5.9		
	171	155	Bardon Gross	171	C	3.3	19	24.1	
	116	100	Barden Greue Conv. Pref	116	6	6.7	5.8		
	148	120	Bras Technologies	120ml	0	5.2	4.3	8.7	
	114	100	Brembili Cosv. Pref	110	0	11.0	10.0	•	
	287	246	CCL Group Ordinary	284	0	12.3	4.3	4.3	
	165	124	CCL Group 11% Coay Pref	164	C	14.7	9.0		
	153		Carbo Pic (SE)	153=6	0	6.1	4.0	13.3	
	113	100	Carbo 7.5% Pref 650	112	0	10.3	9.2		
	335	147	George Blair	335	0	12.0	3.6	7.4	
	114	60	tais Group	114	C			15.0	
	118	87	Jackson Group ISD	111	0	3.4	<b>3.1</b>	12.3	
ı	350	245	Multibouse NV (ArretSE)	309	+2	-	-	-	
	117	40	Robert Jeaklys	117mi	0	7.5	6.4	4.4	
	430	124	Scruttons	408xd	+I	8.0	20	37.1	
	280		Torday & Carinde	277	0	7.7	2.8	13.4	
	100	100	Torday & Carlisle CNV PRF	100	a	10.7	10.7	-	
	. 96	_	Trevian Holdings (USM)	93	+2	2.7	2.9	10.0	
	113	100	Unistrut Europe Core Pres	108	0	0.8	7.4		
	313			313	+I	16.2	5.2	60.2	

Securities designated (SE) and (USM) are dealt in subject to the rules and regulations of The Stock Exchange. Other securities listed above are dealt in subject to the rules of TSA

These Securities are dealt, in strictly on a matched bargain basis. Neither Gramine & Co nor Gracultie Davies Lief are market makers in these executives

Gestville Davies Limited Courelle & Co. Ltd. \$ Lores Lass, London SCIR SEP 8 Louis Line, London ECIR SEP Telephone 01-621 1212 Telephone 01-621 1212 Member of TSA Member of the Stock Exchange & TSA

DANISH INDUSTRY

& EXPORTS

The Survey of

Danish Industry & Exports

will now be published on

Wednesday November 9th.

### Notice of Redemption Canadian National Railway Company US \$100,000,000

14%% Notes due December 1, 1991
NOTICE IS HEREBY GIVEN that in accordance with the Terms and Conditions of the Notes the Issuer will redeem all of the Notes at 1011/2% of their principal amount (the "Redemption Price") on the next interest payment date. 1st December, 1988, when interest on the Notes will cease to accrue.

Payment of the Redemption Price will be made upon presentation and surrender of the Notes, with all unmatured coupons attached, at the offices of any of the Paying Agents listed below. Bankers Trust Company

Bankers Trust Company Four Albany Street New York, New York 10015 Bankers Trust GmbH P.O. Box 2665 Bockenheimer Landstrasse 39 6000 Frankfurt am Main Kredietbank S.A. Luxembourgeoise 43 Boulevard Royal

L-2955 Luxembourg

Bankers Trust A.G.

Dreikoenigsmasse 6

CH-8022 Zurich

London EC2P 2EE Bankers Trust Company 12-14 Rund-Point des Champs Elysées 75386 Paris, Cedex 08 National Bank of Canada 600 de la Gauchetierre West Montreal, Que H3B4L2 Banque Indosuez Belgique S.A.
rue des Colonies 40 B-1000 Brussels

Dashwood House

69 Old Broad Street

Accrued interest due 1st December, 1988 will be paid in the normal manner on or after that date against presentation of Coupon No. 7

Bankers Trust Company, London 21st October, 1988

Agent Bank

NOTICE OF REDEMPTION

### Post-och Kreditbanken **PK**banken

(Incorporated in the Kingdom of Sweden) 127/8% Surbordinated Notes due 1991 NOTICE IS HEREBY GIVEN that, pursuant to Condition 4(b)

of the Notes Post-och Kreditbanken, PKbanken has elected to redeem on November 28, 1988 (the "Redemption Date") all of its outstanding 121/2% Subordinated Notes due 1991 (the "Notes") at a redemption price equal to 101% of the principal amount thereof plus interest accrued to the Redemption Date. On and after the Redemption Date, interest on the Notes will cease to accrue. The pincipal value of each note at Redemption will be US\$5050.00. The Notes should be presented and surrendered to the paying

agents as shown on the Notes on the Redemption Date with all interest coupons maturing subsequent to said date.

Coupons due November 28 1988 should be detached and presented for payment in the usual manner.

October 28, 1988

By Chilbank, N.A. (CSSI Dept.), Fiscal Agent CITIBANCO

recurrency of share at openeralog rate fixed at issue. Prem = Percentage promises of the correspondence of acquiring shares via the bond over the most recent price of the shares. The Financial Times Ltd., 1988. Reproduction in whole or in part in any form not permitted without written consent.

Data supplied by DATASTREAM international.

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week earlier.
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981 987 +0 1 +0 1 6.21
101 102 1 -0 1 0 5.97
991 991 -0 1 -0 1 5.16
1001 101 0 +0 1 5.55
1023 1031 +0 1 -0 1 6.11
981 99 +0 1 +0 1 5 61
1001 1011 0 +0 5 50
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Interé Bie Offer day week Yield

150 :101 :2 101 is +0 is -0 is 4.74

100 :100 is 101 is -0 is -0 is 4.90

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125 :101 102 is +1 is +1 is 2.60

100 197 is 98 -0 is 0 4.99

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150 199 is 99 is 0 -0 is 4.67

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State Herds 2 to 20 5 1100 9 4 41 99 to 180 to 44

Texas Herds 2 to 20 15 997 82.87 73 to 74 to 180 to 40 to 180 Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week - Change over price a

New Issues

October 27, 1988

# Federal Farm Credit Banks Consolidated Systemwide Bonds

8.20% \$873,000,000 CUSIP NO. 313311 SG 8 DUE FEBRUARY 1, 1989

8.30% \$1,045,000,000

CUSIP NO. 313311 SM 5

**DUE MAY 1, 1989** 

Interest on the above issues payable at maturity

8.45% \$550,000,000

CUSIP NO. 313311 TK 8 **DUE NOVEMBER 1, 1989** 

> Interest on the above issue payable May 1, 1989. and at maturity

Dated November 1, 1988

**Price 100%** 

The Bonds are the joint and several obligations of the Banks of the Farm Credit System and are issued under the authority of the Farm Credit Act of 1971. The Bonds are not obligations of and are not guaranteed by the United States Government.

> Additional information may be obtained upon request through the Funding Corporation. Bonds are Available in Book-Entry Form Only.

Federal Farm Credit Banks **Funding Corporation** 

90 William Street, New York, N.Y. 10038 (212) 908-9400

This announcement appears as a matter of record only.



This announcement appears as a matter of record only.

### Wickes plc £150,000,000

Five Year Multicurrency Revolver

Financing Related to the Acquisition of Hunter PLC

Underwritten by Barclays Bank PLC Continental Bank Canadian Imperial Bank of Commerce

Lead Managers Bank of Scotland **Barclays Bank PLC** Canadian Imperial Bank of Commerce Continental Bank

Manager National Westminster Bank PLC

Co-Managers Creditanstalt-Bankverein The Industrial Bank of Japan, Limited Lloyds Bank Plc Standard Chartered Bank

> Participant | Kansallis Banking Group

Facility Agent

Arranged by

Barclays de Zoete Wedd Limited

Barclays Bank PLC





Woodside Financial Services Ltd. (Incorporated in the State of Victoria)

Guaranteed Floating Rate Notes due July 1997 Unconditionally Guaranteed by Australian Industry Development Corporation

In accordance with the terms and conditions of the Notes, notice is hereby given, that for the Interest Period from October 28, 1988 to January 30, 1989 the Notes will carry an Interest Rate of 811/16% per annum. The amount payable on January 30, 1989 will be U.S. \$5,671.01 and U.S. \$226.84 respectively for Notes in denominations of U.S. \$250,000 and U.S. \$10,000.

By: The Chase Manhattan Bank, N.A. London, Agent Bank

October 28, 1968



U.S. \$100,000,000 Allied Irish Banks Plc Incorporated with Biroland Bability to the Republic I treband under the Companies Acts, 1963 to 1988) Subordinated Primary Capital Perpetual Floating Rate Notes in accordance with the provisions of

in accordance with the provisions of the Notes, notice is hereby given, that for the three months interest Period from October 28, 1988 to January 30, 1989 the Notes will carry an interest Pate of 944% per annum. The interest payable on the relevant interest pay-ment date January 30, 1989 against Coupon No. 14 will be U.S. \$239.90 and U.S. \$5,997.40 respectively for Notes in denominations of U.S. \$10,000 and U.S. \$250,000. The sum of U.S. \$239.90 will be payable per U.S. \$10,000 principal amount of Registered Notes.

By: The Chase Mankattan Bank, N.A.\_ Leadon, Agent Benk

October 26, 1988 CHASS

SARAKREEK PARTICIPATIONS N.V. ESTABLISHED AT CURACAO. NETHERLANDS ANTILLES Notices is bereby given to the holders of the insurrendered coupons No. 13, which were emitted to receive a stock dividend of 1 share per 40 existing shares as at May 23, 1988, that these coupons are not exchangeable for shares.

The shares reserved for that purpose are now sold. All cospons No. 13 shall only be exchangeable for each, VIZ. USSO.80 pr ordinary share of USSO.20 par, from the date of this publication onward. The each amount that he kept available at the office of the company at 6 John B. Gorsiraweg, Curação (N.A.). It should be taken into consideration that a certain amount shall be deducted

to cover the bank charges. Amero Trust Corporation N.V. Managing Director

### INTERNATIONAL COMPANIES AND FINANCE

JAPANESE ELECTRONICS RESULTS

# PC sales help lift Toshiba 139%

By Stefan Wagstyl in Tokyo TOSHIBA, the Japanese electrics and electronics group, yesterday announced a 139 per cent increase in interim pre-tax profits to Y59.6bn (\$473.4m), due to strong demand in its

The company profited from soaring sales of personal computers (PCs), especially lap-top models, and of semiconductors, including 1 megabyte Dram memory devices.

electronics business.

Unconsolidated sales in the six months to the end of September rose 5 per cent to Y1,354bn. Increases of 20 per cent in the division covering computers and semiconductors and of 4 per cent in consumer products offset a 20 per cent decline in heavy electricals. The result from the heavy

communication systems and

Henkel holds

takeover talks

HENKEL, the West German

speciality chemicals and deter-

gents group which has expan-ded widely in Europe in recent

years, is negotiating to take over Panigal, a family-owned

Italian detergents and food

Discussions with the Bolo-

gna-based company have not

yet been concluded, according

to Henkel, although a purchase

price of about DM270m

(\$151.7m) has been mentioned

in the German press. "We have

put forward our ideas and are

waiting for a response," said

Henkel yesterday. Panigal said

Panigal, which has its turn-

over divided roughly equally

between food and detergents

products, expects sales of DM420m this year. Its purchase

by Henkel would mark a fur-

ther step in the rationalisation

of middle-sized Italian deter-

Henkel has for some time

been interested in expanding

in Italy, where its two existing

subsidiaries had joint sales of

about L422bn (\$317m) last year.

Earlier this year, it was

pipped at the post when Benck-

iser, a privately-owned German

chemicals and detergents

group, successfully bid more than DM300m for the 54 per

cent stake held by a subsidiary

of Ferruzzi in Mira Lanza, a

leading Italian washing and

Henkel has not indicated its

plans for Panigal's foods side

cleaning material producer.

should its bid succeed.

it had no comment.

gent manufacturers.

with Panigal

By Halg Simonlan

in Frankfurt

By Ian Rodger

FUJI ELECTRIC, another leading electricals group, has reported a 54.1 per cent rise in pre-tax profits in the six months to September to Y6.6bn (\$52.4m), writes Ian Rodger in Tokyo.

The company attributed the gain in part to a 15.1 per cent rise in sales to Y214.7hn and

electrical equipment business was hit by an absence of sales of large-scale nuclear plant apparatus, which figured prom-inently in last year's result. Toshiba said the electronics division was boosted by the group's Project I, a strategy of concentrating on building the

information and communica-Strong domestic market

HITACHI, Japan's largest electronic devices division, accounting for 43 per cent of electrical group, pushed pre-tax profits 58 per cent higher in the six months to September the group total, were up 17 per cent to Y682.6bn.

boosts Hitachi to Y91bn

to Y91.2bn (\$724.4m) on sales of Sales of power systems and equipment, accounting for another 21 per cent of sales, Y1,583.1bn, up 16 per cent. Strong domestic sales of information processing and were up 6 per cent to Y325.6bm telecommunications equip-Consumer product sales were also up 6 per cent to ment, as well as home electric appliances, combined with rising semiconductor prices to boost sales and to raise profitability, the company said.

Sales of the information and

Net income rose 45 per cent to Y43.4bn. Full-year pre-tax profits are likely to rise 43 per cent from the previous year to

to cost savings. Sales were particularly strong for industrial control systems, vending machines and sendeominctors, the compeny said.

It is looking for a record pre-tax profit of Y14.5bn for the full year, up 63.3 per cent from last year.

tions technology operations. The group said it was increasing its planned capital spending for the financial year by Yi0bn to Yi40bn. The extra money is going to build a fifth semiconductor production line at its works in Oita, on Kyushu, Japan's southern island. Exports rose 11 per cent to

Y419bn, despite a 1 per cent dip in consumer products exports. This was caused partly by increased competition from South-East Asian countries and partly by a decline in sales in the US, caused by lingering American resentment about the sale by Toshiba Machine, a group company, of militarily sensitive equipment to the

Soviet Union. Toshiba suffered a Y5.6bn extraordinary loss due to exchange losses at Toshiba International Company (UK), a British sales subsidiary handling power plant orders. -For the year to next March, Toshiba forecasts a 5 per cent rise in unconsolidated sales to Y2,830bn and pre-tax profits of

Y120bn, up 85 per cent.

### Mitsubishi Electric soars 147.2% to Y35.1bn

By Our Tokyo Staff PRE-TAX profits of Mitsubishi Electric (Melco), one of Japan's leading electrical groups, soared 1472 per cent in the six months to September to Y35.1bn (\$278.8m) on sales up 15.2 per cent to Y1,025.4bm. The company raised the interim dividend by YI per share to Y4 and promised a similar increase in the second

Melco, a leading defence contractor and heavy electrical machinery maker, said its sales and profit gains were

half, making a total of Y8.

largely due to increases in domestic demand. It also stepped up procurement of materials overseas, taking advantage of the higher yen. Showing that the zaitech boom is not totally over, the company recorded its first profit on financial items, of Y2.86bn.

Net profits rose 63.9 per cent to Y13.6bn.

For the full year, the company is forecasting a profit of Y83bn before tax, double last year's level.

# Fanuc

By Ian Rodger in Tokyo

PANUC, the leading machine tool control and robot meking group, showed a 65.8 per cent surge in pre-tax profits for the six months to September to Y23.20m (\$184.8m).

The company has announced an increase in annual dividend by Y1 to Y16 per share.

Sales rose 36.8 per cent to Y71.5hm, due largely to beoy-ant demand from Japanese electronics and car makers Demand for computer numeri-cal controls (CNC) for machine tools, the company's principal product, was up 27.7 per cent,

and robot sales doubled. Net income was Y11.6bn, up 83 per cent. The company expects the current pace of capital investment by Japa-nese industry to continue, and so it is forecasting a 346 per cent rise in pre-tax profit to Y46.5bn in the full year.

Net earnings are estimated at Y23,2bm against Y16.7bm, on sales of Y146hm compared with

• Nitte Denko, za electronic materials maker known until recently as Nitto Electrical Industrial, lifted pre-tax profits a modest 5.5 per cent to Y7.32bm in its September half, on sales 4.8 per cent higher at

# Peko Oil rejects Santos offer

By Chris Sherwell in Sydney

PEKO OIL, the quoted subsidiary of North Broken Hill Holdings, yesterday rejected an increased takeover offer from Santos, the Adelaide-based oil and gas producer, as its parent reported sharply higher first-quarter

North's figures for the three menths to September showed the full benefits of its acquisition in February of Peko-Wallsend, including Peko Oil. Equity-accounted profit after tax and minorities was A\$25.55m (US\$21.1m) compared with A\$10.35m in the same period last year, while revenues totalled A\$503.8m, well over double the previous figure of

Directors of Peko Oil, which is 54 per cent owned by North,

meanwhile reaffirmed their pally an onshore oil and gas rejection of the bid from Santos, which yesterday lifted its offer from A\$1.80 per share to A\$2. The new price values Peko Oil and A\$498.2m. Santos launched its bid last

month, and set a minimum acceptance condition of 54 per cent which makes its success dependent on North's acceptance. North's directors have yet to make their views So far Santos has picked up

just over 10 per cent of Peko Oil it plans initially to fund its purchases through borrowings, but will make a une-for-four rights issue once the bid's success is assured.

The acquisition of Peko Oil would broaden Santos's narrow bese. Currently it is princi-

assets to R28.15bn at the end of

the financial year from

director, hopes this period of

artificially low interest rates

higher rates with the Reserve

ty-handed. Analysts in Johan-

nesburg believe the bank rate

and the commercial bank lend-

ing rates will increase by one

or two percentage points

before 1989 following this

the country's five clearing

banks, lifted its pre-tax profit

Floating Rate Notes

due 1997

Notice is hereby given that the

Rate of Interest has been fixed

at 7.75% and that the interest

payable on the relevant

Interest Payment Date, April

28, 1989 against Coupon

No. 8 in respect of ECU:

10,000 nominal of the Notes

will be ECU 391.81.

October 28, 1988, London

By: Gibenk, N.A. (CSSI Dept). Agent Book

Nedbank, the third largest of

week's municipal elections.

Peko's interests are in the Timor Sea off north-western Australia, and in the UK, US, Netherlands and Indonesia.

In its first-quarter amouncement, North said the contribution from the Peko operations acquired through the merger with Peko-Wallsend was the "single biggest influence" improved

Another major contribution came from Knergy Resources of Australia (ERA), the 65 per cent-owned uranium producer.

North said the outlook was for an improved rate of earnings in coming months because of reducing interest costs and higher earnings from subsid-

to R250.2m from R184.7m. Its

total assets increased to

director, attributes the bank's

Competition curbs SA banks' margins By Jim Jones in Johannesburg

INTENSE COMPETITION for lending curbed the margins of First National Bank and Nedbank, two of South Africa's leading banks, during the year to September, but both reported greater lending volumes and increased profits. The margin squeeze is disclosed by First National, the former Barclays National

Bank, which increased interest income by 29 per cent to R2.84bn (\$1.16bn) but where interest expenditure rose by 41 per cent to R1.89hn, its other operating expenditures rose at a greater rate than income from other operations and the group's pre-tax profit increased fractionally to R306.4m from R301.9m.

First National remains the country's largest bank in terms of advances. It lifted its total

Buyer found for ECU 150,000,000 **New Zealand Steel** IRELAND EQUITICORP, the investment

company which through its Feltrax subsidiary controls New Zealand Steel, said yesterday it had found a buyer for the previously state-owned steelmaker. Our Financial Staff writes. This would enable it to com-

plete the sale of the remainder of Feltrax to BTR Nylex, the quoted Australian offshoot of the UK's BTR industrial group. It did not name the prospective purchaser.

R10.60bn a year earlier, and its R15.95hn from R13.58hn and its advances were R10.90bn advances to R21,10bn from R13.63bn Particular emphasis against R9.776n. Nedbank has been less was placed on mortgage lendaggressive in the mortgage ing and, by the year-end, mortgage advances were R3.1bn. lending market and Mr Piet Mr Chris Ball, the managing Liebenberg, the managing

profit advance to a sharper focus on marketing credit facilwill soon end. Last week bankers discussed their need for ities to the corporate sector. Nedbank is merging with the Permanent Building Society, Bank, but came away empthe last of the leading building societies to abandon its mutual First National lifted net

earnings to 284.5 cents a share from 254.6 cents and has raised its dividend to 112.5 cents from 105 cents. Nedbank's earnings were 134.4 cents against 90.3

### Wintershall set for continued large losses By Haig Simonian

WINTERSHALL, the oil --producing and refining subsidiary of BASF, the leading West: German chemicals congiomerate, looks set to continue trad-ing at a considerable loss this-year despite earlier indications that its losses may be slightly improved from 1967.

Mr Heinz Wüstefeld, chief. executive, said the downturn stammed from a further fall in product prices and heavy pres-sure on margins, especially in oil refining. Upstream carnings are likely to be substantially outweighed by losses in downstream activities this year. Last year, the company made a loss of DM39m (\$22m).

The fall in crude oil, natural gas and product prices has resulted in a 10 per cent drop in group turnover in the first nine months of this year to DM3.98bn. Wintershall i rationalising to reduce losses Last month it announced th closure of its Mannheim of refinery and it now plans to cut 1,000 jobs from its tota workforce of 3,200.

Mr Wüstefeld said he hope Wintershall could return to profits next year once the bull of the Mannheim works wa closed. The company wouk continue to rationalise at its two other German refineries. He\_confirmed that Winter shall remained committed to buying proven oil and gas

Co-operation to achieve greater economies of scale in refining and sales is the other avenue being pursued to cu losses. Wintershall is having talks with Saarberg Oel unc Handel on working together more closely. However, the outcome of these talks remains unresolved.

Part I

### **TOYO TRUST AUSTRALIA LIMITED** A\$100,000,000 **Guaranteed Floating Rate**

Notes due 1993 For the period

27th October, 1988 to 27th January, 1989 In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 13.9017 per cent, per annum, and that the interest payable on the relevant interest payment date, 27th January, 1989 will be A\$3,503.99 per A\$100,000 Note.

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### INTERNATIONAL COMPANIES AND FINANCE

### Banner launches £102m bid for Avdel

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By Nikkl Talt in London

AVDEL, the British engineered fastenings and assembly systems company formerly known as Newman Industries, yesterday became the target of a £102m (\$179.5m) cash takeover bid from Banner Industries; the US-based supplier of

sircraft parts. Avdel, which has been the subject of bid speculation for several years, issued a holding statement which noted the 80p-a-share offer and arged shareholders to take no action. However, it seems almost cer-tain to reject the bld.

Contact between the two companies was established at the beginning of September, when Bamber announced it had purchased for £3.5m an option over the 35m shares in Avdel - 27.56 per cent of the equity - held by Suter, the industrial conglomerate.

The option can be exercised at 70p a share until January 15, but is extendable thereafter. In the meantime, Banner, not Suter, holds voting rights. on the stake:

Mr Jeffrey Steiner, Banner's chief executive, suggested yesterday that the subsequent discussions with Avdel had been friendly but "a little slow" hence the decision to launch a bid. This, however, appeared at odds with views emanating from the Avdel camp, which suggested that discussions had

been superficial. Mr Steiner became chairman and chief executive at Banner in 1985.

In early 1987, Banner made a recommended \$600m bid for the much larger Reznord group, a Milwankee-based manufacturer of engineering components and process control equipment. Since then, there have been a series of restructuring moves.

Banner now takes in a specialty fasteners division. which had sales of \$122m in the year to end-June, Mr Steiner says this would be complementary to Avdel's fastening business.

Avdel made pre-tax profits of £9.1m in 1987, and in the first half of 1988 saw the interim figure rise from £4.2m to 25.6m. Sales in the first half were £40.7m.

Current account 1st half 1988:

Group figures

Net income

Capital spending

for fixed assets

**1st half 1988** 

DM 21,381 mio

DM 1,236 mio

83,830

335 mio

# ICI pre-tax profits increase 13%

By Vanessa Houlder in London

VIGOROUS performances from slow-down in Europe, although ICI's main industrial and agrichemical businesses helped fuel a 13 per cent rise in the UK's biggest chemicals company's pre-tax profits to f1.13bn (\$1.98bn) for the first nine months of 1988, up from Sion last year.

line with analysts' expecta-tions, prompted a 4p fall in ICI's share price which closed at £10.54.

The pre-tax figure for the third quarter was £347m, up 234m (11 per cent) on the same quarter in 1987. Profits were down by £78m compared with the second quarter, as a result of the normal sessonal decline of the normal seasonal decline cent against sterling and the in agriculture and the holiday D-mark, which declined by 6.5

in previous years. Group turnover increased by 5 per cent to £8.71bn (£8.29bn) of which £2bn was from the UK and £6.67bn from overseas. Sales volume rose by 9 per cent, one third of which was The results, which were in attributable to acquisitions. Seiling price rises in local cur-rencies increased turnover by a further 4 per cent, although currency movements reduced

these gains by 8 per cent, Currency fluctuations were estimated to cost the company £100m in pre-tax profits. The company is mainly exposed to the dollar, which fell 12.6 per

per cent, in the period. The effects of currency

movements were most pronounced in the consumer products and specialities division. With a heavy emphasis on USsales, pharmaceutical profits are particularly vulnerable to the strength of sterling. In addition, profits were depressed by a relatively large number of new product regis-

Paints had another good year in Europe and the com-pany reported further progress in expanding its North American business, although the division's performance was again hiunted by exchange rate movements. The colours and fine chamicals, polyurethanes.

flims, speciality chemicals and advanced materials all performed well.

The industrial products division continued to perform strongly on the back of buoyant world-wide demand for basic chemicals. Margins strengthened in the petrochemicals and plastics divisions as a result of product shortages and strong demand. The fibres division performed well despite a weak European market.

Weak demand persisted in the fertilisers division, which continued to trade at a loss. Interest payments were unchanged at £117m. Earnings per share increased from 87.0p to 99.7p. Lex, Page 22

# Putting the freeze on southerners

Philip Coggan on Iceland Frozen Foods' move on a UK competitor

celand Frozan Foods yesterday isunched a 1248.6m bid for fellow UK frozen food retailer, Bejam, which was immediately rejected by the much larger target com-

The all-share offer values each Bejam share at 196.5p. and Bejam's shares rose 33p to close at 204%p last night. Iceland's shares fell 100 to 333p. iceland argues that the combined group would be an excel-lent geographical fit - the bulk of its stores is in the north, the bulk of Bejam's is in the south. "Out of a combined total of 450 stores, only 12 would need to be closed," said Mr Malcelm Walker, Iceland chairman, yesterday.

A merged Bejam/Iceland would be the second largest retailer of frozen foods in the UK, just behind Sainsbury. with a 14.2 per cent share of the annual £2.5bn (\$4.4bn) market. Bejam is currently third in the table and Iceland fifth. The terms of offer are 41 iceland ordinary shares and 60 convertible preference shares for every 100 in Bejam. The histories of keeland and

Bejam represent an intriguing reversal of the common cliche about the north-south divide in Britain. It is the northern group, Iceland, which has appeared to be dynamic and inventive over the past few

1st half 1987

DM 19,481 mio

DM 304 mio

DM 913 mio

74,130 (Dec. 31)

Change

+ 9.8%

+10.2%

+35.4%

+13.1%



Malcolm Walker

old-fashloned and lacklustre. If the takeover succeeds, Iceland intends not only to refit many of the Bejam stores but also to rename the outlets iceland. Perhaps that decision is one of the most remarkable aspects of the bid. For in the 1970s, Bejam was one of the great retail success stories, benefiting from the enormous growth in the freezer market. The number of UK households with freezers has grown from 7 per cent in 1972 to around 70 per cent today.

Mr Malcolm Walker said yesterday that his opposite number at Bejam. Mr John Apthorp, "can personally take credit for introducing frozen food retailing to Britain." years whilst the southern food retailing to Britain."
group, Bejam, has seemed Things started to go wrong group; Rejam, has seemed. Things started to go wrong label products. See Lex, Page 22

for Bejam in the 1980s. A diversification into fast food restaurants proved a fallure and supermarkets started to comnete hard for Bejam's bulk frozen food business, Sainsbury is now the leading frozen foods retailer with 14.4 per cent of the 22.5bn annual market, followed by Tesco (11.5 per cent). Bejam (10 per cent), Asda (7.1 per cent) and Iceland (4.2 per

Facer with this competition. profit growth at Bejam slowed and, as Iceland pointed out yesterday, the Bejam share price has gone nowhere for the past four years. Diversification. through the discount grocery chain Victor Value and the Wizard Wine warehouses proved the management's enthusiasm for alliteration but did little for the bottom line.

Recently, Bejam announced it was test-marketing two variations on the freezer-centre an upmarket and a downmarket version - a decision which Iceland criticised yesterday as showing a lack of management decisiveness.

As Bejam has faltered, so Iceland has forged ahead. In the north, out-of-town superstores have been common for much longer than in the south and Iceland has faced the competition by concentrating on ready meals - like the Tandoori pizza - and on chilled foods, particularly in its own-

Iceland has also picked up many High Street sites as the supermarket chains abandoned them and now sells short shelf-life items like bread to supplement its own frozen offerings.

Nevertheless, for Iceland a move into the south-east has seemed inevitable. Around 90 per cent of households have a freezer in the south east and the "spend per head" on frozen foods is significantly higher in the prosperous southern regions. As a result, Bejam has sales of £529m and profits of \$24.3m from its 267 stores, compared with forecast sales of £205m and profits of £8.8m from Iceland's 183 outlets.

Although Iceland already has some stores in the southeast, the purchase of Bejam is obviously a quicker route to expansion. And Iceland which is trading on a premium to the retailing sector, says it can buy Bejam with paper without diluting its earnings.

Iceland claims that it is far in advance of Bejam in terms of store design, distribution services and financial controls and thus will be quickly able to boost the combined group's performance. Bejam was reserving its

defence last night but the deci-

sion of the Apthorp family, which owns around 30 per cent of the equity, will obviously be crucial. See Lex, Page 22

# Guaranteed Fundlaunch

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# Good Prospects for 1988

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VEBA is wholly in private hands: The capital stock is owned by 600,000 shareholders, 90% of them small investors.

### Profits again markedly improved

Compared with the 1st half of 1987, the Group's net income rose by 10%. The deciding factor was the continuing improvement in profits in the chemical sector. Hüls Troisdorf AG, which carries on the chemical and plastics activities of Dynamit Nobel AG taken over on January 1, 1988, was consolidated for the first time. Assuming that the development remains positive, profits are expected to at least match the previous year's good level. Our shareholders will receive a fair share of these profits.

### Chemicals rising, electricity and trade gratifying

Once again, PREUSSENELEKTRA and VEBA KRAFTWERKE RUHR made a sizeable contribution to profits. VEBA OEL succeeded in improving its results compared with the same period last year. Norddeutsche Faserwerke was sold as of July 1, 1988. HULS is participating to the full in the favourable situation of the chemical industry. The utilization of production facilities was again increased by comparison with the same period last year. The trading companies STINNES and RAAB KARCHER further expanded their market positions.

### Continued high volume investment

In addition to the electricity division, the chemical division is the main target for capital spending. A total volume of DM 20 billion is planned for the next five

If you would like to know more about VEBA, ask for our reports: VEBA AG, Karl-Arnold-Platz 3, D-4000 Düsseldorf 30, West Germany

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THE N. 1909 TO THE MARKET THE THE PARTY OF

# Volume increases and price rises in buoyant UK market help lift Redland 32% to £88m

By Clare Pearson

REDLAND, building materials group, yesterday announced results for the six months to the end of June in line with its new policy of reporting on the calendar year instead of the 12 months to end-March. Pre-tax profits reached £88.2m, or 32 per cent higher than a restated £66.6m interim result last time. The interim dividend showed

an unexpectedly large increase of 25 per cent to 6.25p. Earnings per share were 27 per cent ahead at 20.8p (16.4p). Mr Gerald Corbett, finance director, said the UK had been

the clear "star of the show" with substantial volume increases, and also price rises, in building materials against the background of buoyant UK construction.

However, improvements in margins in roofing, aggregates and tiles were masked by the

ELDERS IXL, the Australian

brewing, financial and pastoral

group, has given the Office of

Fair Trading its submission

concerning its £1.6bn hostile

bid for Scottish & Newcastle

The submission by the

brewer of Foster's lager

includes proposals for S&N's

product range and is under-stood to include plans to

extend the distribution of

brands including Theakstons

Best Bitter into Courage pubs

Fears in the City that the bid

may be referred to the Monopo-

MICHAEL PETERS Group,

design and communications

consultancy, is to buy Commu-

nique. Canadian corporate

cash and the balance in shares

and further profit-related

payments up to a total of

C\$27m in cash and shares.

communications group.

in the south of England.

By Andrew Hill

By Lisa Wood

Breweries.

inclusion of British Fuels, the coal distributor formed in July 1987 with Redland as the 55 per cent shareholder. With British Fuels, UK turnover rose 60 per cent to £437.8m although operating profits rose only from £35.5m to £46.1m.

Redland has this week exchanged contracts for the £70m cash disposal of its interest in British Fuels, which was formed by merging the fuel business of its subsidiary Cawoods to those of British Fuel Company, to a consor-

The deal boosts British Coal's interest from 20 to 50

Redland's overseas operations presented a mixed picture during the half year. Roofing in Australia almost trebled its profits under the impact of improved housing at £115m, expected to be

lies and Mergers Commission

have helped depress S&N's

share price – unchanged yes-terday at £4. Elders – which is

offering £4 per share - yester-

day topped up its stake to over

of the bid yesterday provoked

the resignation of Sir David

Nickson, chairman of S&N,

from his non-executive direc-

torship of Clydesdale Bank.

National Australia Bank,

which owns Clydesdale Bank,

is one of the syndicate of 11

banks providing Elders with a

Mr Ian Farnfield, Michael

Peters' chief executive, said-

that the proposed "earn-out"

involved very little risk for the

UK group, and was important

The Canadian company is

based in Toronto, where Mich-

ael Peters already has a subsid-

iary. Communique prepares

Profit on ordinary activities before taxation

£2 billion of mortgages under management.

£1.2bn borrowing facility.

Michael Peters Canadian purchase

The initial payment is as an incentive for Communi-

Total operating income

Total dividend per share

Total assets at year end

Earnings per share (fully diluted)

Total assets under management

valuation' of approximately 65%.

in a currency other than sterling.

Profit after taxation

C\$2.79m (£1.31m) - C\$2.33m in que's managers.

The financing arrangements

Elders puts bid case to OFT

12 per cent.

starts, while German roof tiles also improved, but profits from bricks in Holland were slightly

In the US, which makes up about 18 per cent of Redland's profits, the dominant East Coast aggregates operations were described as strong but the Colorado company (which became 100 per cent owned in June), and the Texas operation, traded profitably but at lower

The transfer to 100 per cent ownership of the tiling side of an Australian former associate company added about £50m to turnover of overseas subsidiarles. This came out at £310.8m (£265m). Operating profits were £42.5m (£32.3m).

The current year capital

Mr Angus Grossart, S&N's

Scottish financial adviser, is

not however resigning his

non-executive directorship of

the Royal Bank of Scotland,

which is also helping to

quite normal for non-executive

directors in the relatively

small Scottish business com-

munity to have conflicting

part in discussions on Wednes-

day when the bank's board dis-

cussed its decision to join the

audio-visual packages, meet-

ings, conferences and events.

In the year to June 30 it made

C\$736,000 before tax on turn-

Mr Farnfield said Michael

Peters was interested in oppor-

tunities for further expansion

in North America and the Far

£36.5m

£23.1m

£14.8m

11.5p

7.01p

£1,519m

£2,006m

over of C\$9.48m.

Home Loans

EXTRACTS FROM THE 1988 REPORT AND ACCOUNTS

In the Company's third year, £1.2 billion of new mortgages

The Company remains firmly committed to the maintenance of

As a result of increased administrative capacity and greater

The securitisation programme continues and five transactions

The Company has developed new funding sources during the

were advanced and at 30th September, 1988 the company had over

a high quality mortgage portfolio with particular emphasis on the adequacy

of security. The average loan size is £53,000 with an average loan-to-

funding capability, six new companies have agreed to join the life assurance

panel. They are: General Accident, Guardian Royal Exchange, The M.I.

were arranged during the year. The Company has also filed with the US

Securities and Exchange Commission a highly innovative domestic US

dollar financing scheme - the first time UK mortgages have been securitised

Group, Norwich Union, Scottish Provident and Standard Life,

Mr Grossart had not taken

The Royal Bank said it was

finance Elders' bid.

syndicate.

boosted to £160m next year. Sale of the British Fuels stake has reduced gearing by about 10 per cent to 25 per cent.

Since Redland generates less

Colin Corness, chairman -

stressing geographical spread

from building materials in the UK, it has missed out on the bonanza much of its sector has enjoyed, and its shares have consequently underperformed.

Now it is pushing the line that
its geographical spread makes
it a safer bet than some of its peers, and also selling itself as a yield stock by increasing its interim dividend by more than 20 per cent for the first time in years. But, aside from Australia, its overseas operations -Europe helped by the weather during the first half, and the US patchy - hardly sparkle, and many observers consider this an odd time for it to be running down its dividend cover. The outlook for the shares, which stand on a prospective ple of nearly 9 if Redland makes £220m for the full year, is not exciting.

than 50 per cent of its profits

### Mountleigh in concession agreement with Ivarte

By Clare Pearson

MOUNTLEIGH, the property group, is making its higgest move yet in developing the "shop-within-a-shop" potential of its Spenish department store chain Galerias Preciados through a concession agreement with Ivarte, the Spanish electricals retailer owned by UK-based European Home Products.

The arrangement, which initially runs for nine years, is that Ivarte will operate the electrical and photographic departments in the 29 stores, paying a rental of 10.5 per cent of sales. Galerias also gains an option to add the credit business of Ivarte's 68 independent shops to its own consumer credit side.

Ivarte claims the deal will, at a stroke, make it the biggest electrical chain operating in Spain. It expects sales in the Galerias stores to exceed £40m this financial year.

Galerias was acquired by Mountleigh last year from Organizacion Diego Cisneros, the Venezuelan group to which it sold Paternoster Properties, a portfolio which includes

£17.6m

£11.1m

£7.1m

9.3p

5.64p

£1,001m

£1,214m

Paternoster Square, next to St Paul's in the City of London. earlier this month.

Subsequent to Galerias' purchase, initially as a property play, the loss-making chain proved a blight on Mountleigh's share price and the company has been auxious to stress its turnsround possibilities. The Paternoster sale involved ODC retiring some 280m worth of loan notes issued as part of the Galerias consideration.

Mountleigh, which has recently signed up Marks & Spencer to add a concession in Galerias' Barcelona shop to its existing outlet in Madrid, now has a string of other UK retailers who have contracted to take on concessions. These include Habitat and Mothercare, both owned by retail combine Storehouse, and Windsmoor, the fashion house.

For these retailers, taking out a franchise with Galerias offers an extremely quick means of establishing themselves in Spain: difficult to do independently because of Spanish property laws.

### **British** Syphon plans to go private

By Andrew Hill

British SYPHON Cheshire-based merchanting and manufacturing company, looks set to join the recent procession of public companies which have decided to go pri-

Mr Bryan Morrall, chairman and chief executive, and Mr Christopher Shaw, managing director, are preparing to lamch a management buy-out valuing the company at about 250m. This year management buy-outs have already been launched for Virgin, Glass Glover, Dwek and Invergor-

Mr Morrall and Mr Shaw, who between them hold about 8.75 per cent intend tabling their offer at about 155p a share within the next 10 days. They will also pay off British Syphon's borrowings of about

The amountement had been made because of the recent sharp rise in the company's share price, said Mr Morrall. In the last five weeks the shares have risen from a low of 118p to 138p and yesterday they jumped a further 18 per cent to 154p.

He added that British Syphon was not distillusioned with the City - one of Mr Richard Branson's motives for taking Virgin Group private but he and Mr Shaw feit the group could be run more successfully as a private com-

"We have been increasingly frustrated with wanting to make a decision which we know would not improve perfurnished for some time, and yet the outside world wants constant improvements," he

British Syphon's interests include making and merchant ing paper and packaging materials, the manufecture of enginearing and chemical process equipment, and automotive spares and accessories.

Mr Morrall and Mr Shaw came to British Syphon from James Halstead Group in 1968. They may be joined in management of the private company by Mr Tony Statham, British Syphon's finance direc-

amusement machines. Mecca's

dance halls will be subsumed

within a general leisure divi-

sion, run by Mr Barry Ander-

be combined in a new division,

run by Mr John Gerry, and the commercial hotels will be com-

bined with catrering in a divi-

sion run by Mr Mike Ludbrook.

ten-strong board headed by Mr

Michael Guthrie, chairman and

chief executive, are Mr Ian

Baker (property), Mr Mike Lav-ington (services), Mr Jeremy

Long (finance) and Mr Ernest

Sharp (non-executive).

The other members of the

The holiday businesses will

# Terms of T-Line bid expected to value Suter at over £300m

By Ray Bashford

THOMSON T-LINE, industrial holdings company, is today expected to finalise terms for the takeover of Suter, the group headed by Mr David Abell, which will value the company at more than £300m. Discussions between the two companies were continuing last night and a statement is expected today which will set the scene for an agreed bid.

been hampered since last July when the Department of Trade and Industry announced that it would begin investigations into trading in the shares of two associated companies. Since the inquiry began

Suter's strategy for expan-

sion through acquisition has

Suter has been the subject of takeover speculation and has been closely examined by at least two other companies considering a hid. Thomson T-Line yesterday

confirmed newspaper reports which revealed it as the company in discussions with Suter. This followed a statement from Suter on Monday that it had received an approach which might lead to a takeover. The offer is likely to be based on a share swap which

will include a combination of ordinary and convertible preference ahares. However, it is believed that negotiations have led to the injection of a cash

The hid is expected to value Suter's shares in excess of 260p. - estimates within the City range between 265p and 275p.

Suter's shares yesterday closed 4p higher at 237p, while Thomson T-Line recovered some of the ground lost series in the week to close up 20 a

Suter is more than twice the size of Thomson T-Line in terms of capitalisation. Its profits during the current year and expected to reach between £38m and £40m, compared with a forecast for Thomson T-Line of between 216m and 219m. Suggestions within the City that the offer would rest on a share swap have kept the shares under pressure and op yesterday's close are down 9p

on the week. Mr Abell, the force behind the company's expansion since 1981 into a diversifed invest ments holding company with manufacturing and distributions operations principally in engineering, refrigeration and air conditioning, holds 3 per cent of the capital.

Robert Fleming, the Landor investment house acting for Suter, is the biggest single shareholder, speaking for about 15 per cent of the capital The investment house is also t shareholder in Thomson T-Line, although its stake ha: been reduced recently. Thomson T-Line, headed by Mr Julian Askin and Mr Hug-

Biermann who have Souti African backgrounds, has like Suter, been en aggressive acquisitor. Its biggest move was the purchase last Februar. of Vernous Pools for 190m.

### Major holder calls for Nordic to be wound up

By Philip Coggen

BYLOCK INVESTMENTS, the investment group which owns 29.9 per cent of Nordic Investment Trust, yesterday called an error in the Articles c on shareholders to vote in favour of the winding-up of the trust at an extraordinary general meeting on November 4. investment adviser had been At a recent annual general meeting 65 per cent of shareholders voted in favour of hold-

ing the agm, but a 75 per cent majority of votes cast is needed to wind up the trust. in a circular to shareholders, Mr Mark Thomson, managing director of Bylock, was sharply critical both of Nordic's record

and of GT Management, the Trust and General Consoli-

dated Investment Trust.

Association, And yesterday, b an interview, he criticised the fact that no Scandinavias appointed to replace Syensk: Handelsbankou. Whici resigned this year. GT pointed out that Byloci only acquired its stake earlie this year, an odd decision if i

He described as a "flasco

the discovery at the las

annual meeting that there we

felt the trust's investmen record was inadequate. On the Svenska issue, it said that there were three Scandinavian ritical both of Nordic's record there were three scales and of GT Management, the trust directors, who were shir manager.

In give informed salvice.

Mr Thomson is the chair. The position of Sun Life en a Common of the control of t

man of Moorgate Investment, which owns Is per cent of th. trust, is expected to be cruck in the EGM vote.

### Airflow Streamlines up to £1.68n

Pre-tax profits at Airflow Streamlines rose from £983,000 to £1.68m on sales up 21 per cent to £28.84m in the six months to August 31. Earnings per share advanced from 7.180 to 12.43p.

The directors have double the interim dividend to 20 t reduce disparity with the fins Airflow makes assemblie and pressings for the automobile and allied industries and also a Ford main dealer.

DIVIE	ENDS	ANNO	UNCE	D		
	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year.	1. 64
Airilow Streamint	. 2	Jan 4	1	-	5_	عاد المنظم ا المنظم المنظم المنظ
Glasgow Incomeint	0.4	Nov 30	_	_		
Majedie hrvafin	4.5		4.5	6.5	6.5	
Nat Home Loansfin	3.75	Jan 13	3.28	7.01	5.64	ALPA
New Cavend Estsfin	1.5	Dec 20	1.5	1.5	1.5	A TOM
Redlandint	6.25	Dec 5	5	: _	15.85	
Secs Tet of Scotint	1.5		1.2		3.6	Littaid
Smaller Cos. intiint			. nll -		1.5	
Smallshaw (Knit)int	0.75	Jan 3	0.75	_	1.47 43	
Tie Rackint	0.465	Dec 14	0.365	_	4.04	- F-15-
Transcost. Servsint			3.57	-	1.21	

\*Equivalent after allowing for scrip issue. †On capital increased by rights and/or ecquisition issues. §USM stock. §§Unquoted stock, ¶This market. ♣Irish currency. This is a second interim making 2p to date to 18 month period, AGross.

### Management changes at enlarged Mecca Leisure enough will be in charge of

By Philip Coggan

MECCA LEISURE yesterday revealed the details of management changes in the group following the successful £750m bid for fellow leisure company

Pleasurama. Of the Pleasurama directors, only Mr Alan Goodenough and Mr Barry Hardy will be invited to join the enlarged group's board. Mr Nat Solomon, Pleasurama's chairman, will remain with the group as a consultant.

Negotiations are currently proceeding with the other Pleasurama directors on details of

their compensation.

Mr Hardy will be director in charge of casinos and Mr Good-

**BOARD MEETINGS** 

he following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purchase of considering dividends. Official indicators are not available as to whether the indends are interests or finals and the subvisions shown below are based mainly on	Gross, Grand Central Inv., Hopkin Hidgs., Lendu Hidgs., New Throgmorton River & Mercantile Geared Cap. Inc. To Purchase Dates			
ist year's timetables. TODAY	Brown (NL) No No National Nati			
rierims- Aran Energy, Bridgend Group, utte Mining, Chennel Tunnel Inv., Clay- u,Son & Co., Craig & Rose, Durham (D.G.) roup, El Oro Mining Erni, England (L.)	Bailey (G.H.)			

Expedier Leisure, Exploration Co., Feirhaven Int., Feedex Agricultural Inda., Ferguson Ind. Hadga., Frencts Connection Group, Geers

This announcement appears as a matter of record only.



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BARCLAYS de ZOETE WEDD

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October, 1988

Arranged by

year in the US and the Asia Pacific region and various funding activities are planned to be launched in New York in the domestic dollar market in the next 12 months and later in the yen market.

The Board is proposing a final dividend of 3.75p per share. The total dividend for the year of 7.01p is 60% of distributable earnings on a fully diluted basis.

A copy of the 1988 Report and Accounts will be sent to Shareholders shortly.

The National Home Loans Corporation plc ST CATHERINE'S COURT, HERBERT ROAD, SOLIHULL, WEST MIDLANDS B913QE Note: This summary of results does not constitute "fall accounts" within the meaning of the Companies Act 1985. The "full accounts" for the year ended 30th September, 1985 have been delivered to the Registers of Companies with an Unquilitied Audit Report.

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Signature countries

# National Home Loans advances to £23m and plans to diversify By David Barchard

NATIONAL HOME LOADS Corporation more than doubled pre-tax profits to £23m in the year to September 30, against film recorded a year earlier. Mr John Darby, chairman, said the "excellent" results had been achieved during a year of

increased competition in the mortgage markets and at a time when interest rates had been more volatile than expec-The results were favourably

greeted by analysts in the City, although it was pointed out that NHLC had somewhat improved its profit figure by bringing forward a placement for £100m to Banque Paribas. During the year, NHLC advanced £1.2bn net of new mortgages and at September 30 it had £2hn of mortgages under

APROSPACE ENGINEERING

has received acceptances in

respect of 117,694 (78.46 per cent) John Curran ordinary. The offer has been declared

unconditional as to accep-

BET has acquired Seatrans, a

Dutch transport and distribu-

tion company, through its sub-sidiary United Transport Inter-

GLASGOW INCOME Trust reported net asset value of 46p

at September 30, against 45.4p when it came to the market in

early July. It is paying an initial interim dividend of 0.4p for the year to the end of September 1989 and expected the total for the period to be not less

HARLAND SIMON Group is buying the trade and certain

assets of the electro-flyte division of Black Clawson of the

US for a maximum \$1.75m

S JEROME has received acceptances for 549,269 ordinary

(70.72 per cent) of the open offer. The remaining shares have been taken up by placecs. LEIGH INTERESTS has

acquired the waste disposal interests of J R Mac and of

Monolife, trading as Clarke Environmental. The combined

consideration was £259,000 cash. So far this year Leigh has

invested £2.8m in 10 acquisi-

NOBO has, through its subsid-

iary Perforex, agreed to

acquire Velos (RP), manufac-

PUBLIC WORKS LOAN BOARD RATES

\*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. tEqual instalments of principal. It Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

**Mezzanine Capital Corporation** 

Limited

Notice to the holders of the fully paid Bearer Depositary Receipts ("BDRs") evidencing Perticipating Redeemable Preference Shares of US 1 cent.each ("Shares") of Mezzanine

**Notice of Dividend** 

and Capital Repayment

NOTICE IS HEREBY GIVEN to the holders of the BDRs that the Corporation has declared a final dividend for the financial year ended 31st May, 1988 of US\$0.2572 per share. The BDRs are denominated in multiples of units ("Units"). Each Unit currently comprises 52 Shares. The dividend is, therefore, equivalent to US\$13.37 per Unit.

The Corporation has also given notice that it intends to redesm an

aggregate of 1,485,000 Shares at a price of US\$11.40 per share. This will involve the redemption of 15 Shares in respect of each Unit and this capital

In accordance with Condition 8(8) of the conditions endorsed on the BDRs the number of Shares comprising a Unit will, following the redemption, be adjusted from 52 to 37. The number of units evidenced by

Payment of this dividend and of the capital repayment will be made, subject to receipt thereof by Manufacturers Handver Bank (Guernaey) Limited ("the Depositary"), against surrender of Income Coupon No. 9 (RED No. 9) respectively, at the specified office of the Depositary or of any of the Paying Agents (set out on the reverse of the BDRs and at the loot of this Notice), at any time on or after

Payment will, in each case, be made, subject to any laws and/or regulations applicable thereto, by dollar checus drawn upon, or at the option of the holder of the relevant Coupon, by transfer to a dollar account

BDR holders are advised that as a result of the capital repayment of US\$171.00 per unit, the net asset value per unit of the company will be reduced from US\$592.77 to US\$421.77. BDR holders should note that

the price per unit quoted on the London Stock Exchange will adjust

Depositery and Principal Paying Agent Menufacturers Hanover Bank (Guernsey) Limited, Manufacturers Hanover House, Le Truchot,

St. Peter Port, Guernsey, Channel Islands

Paying Agents Bankers Trust Luxembourg S.A., 14 Boulevard Roosevalt. Linembourg, Grand Duchy of Linembourg

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D 6000 Frankfurt-em-Main 1, West Garmeny Manufacturers Hanover Trust Company, Shell Tower, 33/34th Storey, 50 Ratties Place, Singapore 0104 Manufacturers Harrover Trust Company 7 Princes Street, London EC2P 2LR Manufacturers Hanover Trust Company

Copies of the Corporation's Annual Report may be obtained from the

Capital Corporation Limited (the "Company")

repayment is equivalent to a further US\$171.00 per Unit.

maintained by the payee with, a Bank in New York City.

esch SDR will remain unchanged.

Depositary and Paying Agents.

income from mortgage interest was £130m (£84m). Net interest income was £29.4m (£14.9m). However, operating expenses more than doubled to 213.4m (16.5m). Mr Kevin Milner, managing director for finance and development, attributed the increase to the development of infrastructure and the hiring of more than 200 extra staff during the year to handle growing business voi-

Fully diluted earnings per share amounted to 11.5p (9.3p) and the proposed final dividend of 3.75p per share (3.28p), brings the total for the year to 7.01p (5.64p). The p/e ratio was Mr Richard Lacey, chief

executive, said the company

turer and supplier of office

products. Consideration is

£100,000 cash and a further

sum up to £475,000 depending on stock levels at the comple-tion date. In 1987, Velos made

PARKLAND TEXTILES has

formed a new company, Ottoman Pacific, as a joint venture with S C Yarns, Yorkshire

yarn merchant. SECURITIES TRUST of Scot-

land: Net asset value 125.2p

(153p) at September 30 after deducting prior charges at par and 125.8p (153.8p) at market value. Net revenue for the six months £3.69m (£3.31m) for earnings of 2.28p (2.04p), interim dividend 1.5p (1.2p), SMALLER COMPANIES international Trust: Net asset value 129.5p.

129.5p at end-September against 123.4p six months ear-lier. Interim dividend 0.75p

(oil). Net revenue after tax was £585,000 (£308,000). Earnings 1.47p (0.77p) per share. STANLEY LEISURE in view of

recent press comment, the chairman confirmed that the company had not received a bid approach, and he was not

aware of any company building up a large holding. WACE GROUP has received

acceptances in respect of

12.63m new shares — about 95.49 per cent of the rights issue. The remaining shares have been sold in the market. WICKES has aigned a £150m multi-currency facility related to the acquisition of Hunter.

COMPANY NEWS IN BRIEF

planned to develop alternative sources of securitisation. A £260m private financing scheme from non-banking sources was about to be completed. This would give it a revolving finance facility with unrestricted levels of substitution to replace redeeming

The group was planning to broaden its activities to include mortgage credit insurance, selected commercial mortgage lending, secured second mortgage business, leasing, and residential property development finance.

NHLC has pushed itself into the top mortgage lenders and these results are doubly

achieved during a year in which market conditions favoured the building societies and squeezed centralised lenders. That said, prospects for

impressive for having been

the next six months look much flatter, given the state of the housing market, and NHLC seems unlikely to be able to push its earnings up very much further. As Mr Lacey indicated yesterday, the way forward for increased profitsification into new activities

However, these could push costs up quicker than profits. Perhaps the time has come when NHLC should be thinking of taking a leaf out of the books of some of its building society competitors, and turning itself into a fully-fledged

### Beazer sees £138m profit

BEAZER IS projecting pre-tax profits of about £138m for the year to the end of June 1989, a rise of 20 per cent on the previous year's £114.7m reported earlier this week. Mr Brian Beazer, chairman, added that it would soon announce a major restructuring of its borrowings.

The news was given to a meeting of financial analysts in New York yesterday. He added that the company's internal projections indicated that worldwide sales for the present year would be about £2.2bn, compared with last

### Industry backing for Pittard call

By Nikki Telt

FURTHER supporters are backing the call by Pittard Garnar for the reference of the unwanted £41m bid by rival leather company, Strong & Fisher, to the Monopolies and Mergers Commission. Both the National Union of

the Footwear, Leather and Ailled Trades and the British Footwear Manufacturers Federation have written to the Office of Fair Trading, arguing that the bid should be referred. A number of MPs have already expressed con-

The bid heads for its first close on November 9. The Department of Trade and Industry usually tries to clarify the monopolies position by the first closing date of an

Eve in £8m sale Eve Group has completed the sale of one its main develop-ment sites in Dorking, Surrey for £8m. Directors of this USM-quoted company said that taxable profits for 1988/9 should be about 26.5m, compared with £2.53m the year before. A special dividend of 10p, to be paid with the interim for

the present year, has been

# Securiguard expands with £5.5m acquisition of HeMan

By Vanessa Houlder

SECURIGUARD, the security, cleaning and communications group, yesterday took a further step into personnel services with a £5.5m acquisition of HeMan Contracts, which provides contract labour to the building construction and civil engineering industries. The deal will be financed by a £12.25m placing and offer to shareholders.

HeMan Contracts, along with the recently acquired Action Secretaries and Portman Recruitment Services, will form the basis of a new person-nel services division. The company said that this diversifica-tion was designed to benefit from the trend towards the use of temporary and contracted staff that has resulted from

shortages of skilled labour.

riguard's trading and underlying business growth remained highly satisfactory. Pre-tax profits before exceptional items are forecast to be at least £3m for the 54 weeks to November 6. A final dividend of 4.3p per share is forecast. HeMan is believed to be the

The directors said that Secu-

largest recruitment and contract labour agency in the UK that specialises in construction and related industries. It made pre-tax profits of £946,000 before exceptional items in the year to June 30 1988, at which time it had net assets of £845.000.

Portman Recruitment Services, recently acquired for a minimum of £500,000, specialises in the secretarial, computing, banking and legal fields. Action Secretaries, which was acquired on Wednesday for an initial payment of £758,000, specialises in temporary secretaries and office personnel. The initial payment for

HeMan will be £5m in cash and £500,000 in shares with further payments dependent on performance. The final payments for Portman and Action will also depend on profits. In addition to the HeMan acquisition, the rights issue will be used for working capi-

tal and possibly to finance

future acquisitions in the UK The company is issuing 6.23m shares at 207p per share on a three-for-five basis, all of which have been conditionally placed by Phillips & Drew.

### Portmeirion Potts' listing | New Ireland in the black at half year

PORTMEIRION Potteries (Holdings) is joining the main market in a placing which values the group at £17.2m, writes

Philip Coggan.
The Stoke-on-Trent-based company was founded in the Weish village of Portmeirion. The designer of many of the company's pottery products and the deputy chairman is Ms

Susan Williams-Ellis, daughter of Portmeirion creator Sir Clough Williams-Ellis. Sales last year were £7.4m and pre-tax profits have grown from £385,000 in 1985 to a forecast £1.5m this year. Kleinwort Benson is placing 2.4m shares, 25 per cent of the

equity, at 180p each for a prospective p/e of 14.

A first half 1988 pre-tax profit of £1.68m was achieved by New Ireland Holdings, compared with a loss of £3.74m. That reflected a return to

profitability at Irish National Insurance, the general insurance subsidiary, and a continued strong performance at New Ireland Assurance. Earnings were 10.23p (losses 70p).

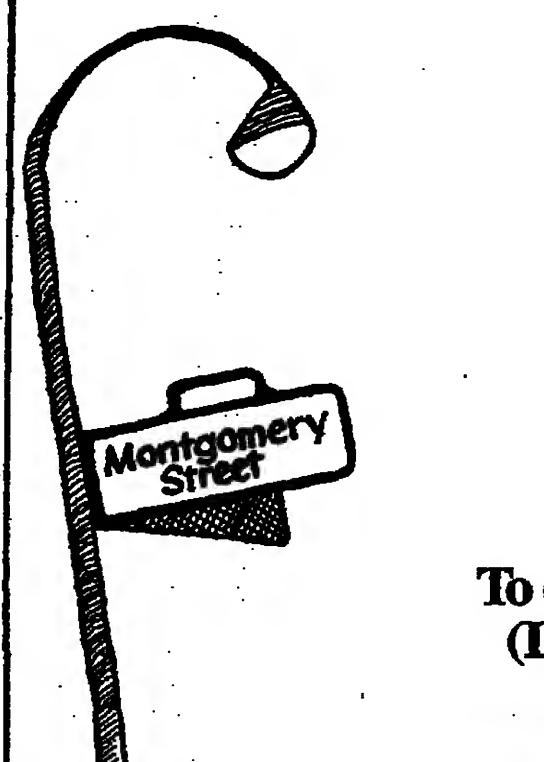
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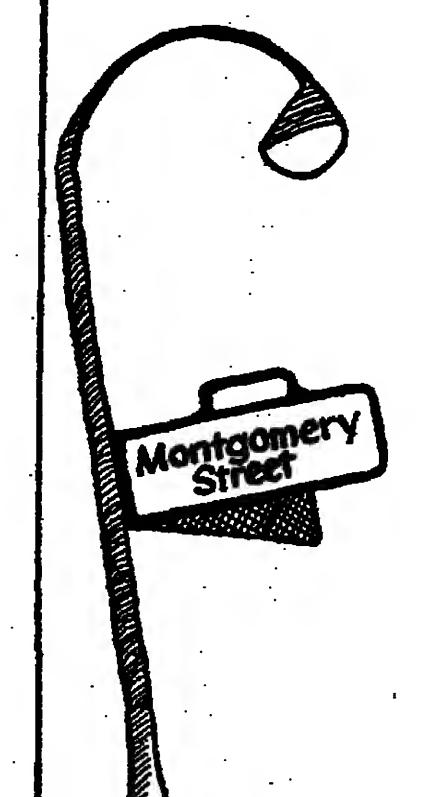
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by: Manufacturers Hanquer Bank (Guernsey) Limited

### UK COMPANY NEWS

# First nine months profit tops £1.1 billion.



### 1988 Nine Months Results

Group profit before tax for the first nine months of 1988 was £1.130m, an increase of £126m (13%) on the same period in 1987, another record performance. The results are set out in the annexe to this statement: key figures, with comparisons for 1987, are given below:

3	rd Quarter 1988 £m	Nine Months 1988 £m	Nine Mouths 1987 £m
Turnover	2,840	8,707	8,287
Profit on ordinary activities before taxation	347	1,130	1,004
Earnings before extraordinary items £1 Ordinary Share	per 30.4g	99.7	p 87.0 <sub>p</sub>

The growth in profit compared with the first nine months of 1987 reflected vigorous performances in ICI's main industrial businesses and in Agrochemicals, where the Stauffer range of products was successfully integrated. Underlying performance in the Consumer and Specialty businesses also remained strong.

Group turnover in the first nine months of 1988 was 5% higher than in the same period last year. Sales volume rose by 9% with one third of this attributable to acquisitions and selling price rises in local currencies increased turnover by a further 4%; however currency movements reduced these gains by 8%.

Group profit before tax in the third quarter was £347m, up £34m (11%) on the same quarter in 1987. Profit decreased by £78m compared with the second quarter, reflecting the normal seasonal decline in Agriculture and the holiday slow-down in Europe, which was less marked than in previous years. The underlying trend in ICI's main businesses remains good.

The following table summarises the quarterly sales to external customers, profit before tax and earnings per share.

	Turnover	Profit Before Tax	Earnings per£1 Ordinary Share
1987	£m	£m	pence
1st Quarter	2,760	334	28.5
2nd Quarter	2,809	357	30.7
3rd Quarter	2,718	313	27.8
4th Quarter	2,836	308	26.6
Year	11,123	1,312	113.6
1988			
1st Quarter	2,937	358	31.5
2nd Quarter	2,930	425	37.8
3rd Quarter	2,840	347	30.4p

The tax charge for the first nine months of the year amounted to £419m (first nine months 1987 £390m), comprising UK corporation tax of £171m (£175m) and £248m (£215m) in respect of overseas and related companies.

The unaudited trading results of the Group for the first nine months of 1988, with comparative figures for 1987 are as follows:

1987			1988
First Nine			First Nine
Months	Year*		Months
£m	£m		£m
		Turnover	
2.028	2,732	United Kingdom	2,035
6,259	8.391	Overseas	6,672
8,287	11,123	Total	8,707
996	1,297	Trading profit	1,128
		After providing for:	_
343	464	Depreciation	364
		Income from related	
125	157	companies	119
<b>—117</b>	-142	Net interest payable	-117
		Profit on ordinary activities	
1,004	1,312	before taxation	1,130
		Tax on profit on ordinary	
<i>—3</i> 90	-504	activities	-419
		Profit on ordinary activities	
614	808	after taxation	711
<b>-34</b>	<b>—48</b>	Attributable to minorities	-35
		Net profit attributable to	
580	760	parent company	676
_	_	Extraordinary items	-44
		Net profit for the financial	1 7
580	760	period	632
		Earnings before	
		extraordinary items	
87.0p	113.6p	per £1 Ordinary Share	99.7 <sub>0</sub>

\*Abridged results: full accounts with an unqualified audit report have been lodged with the Registrar of Companies.

Trading results for the year 1988 will be announced on Thursday 23 February 1989.

IMPERIAL CHEMICAL INDUSTRIES PLC

Car dealer prepares to tackle continental rivals on their own turf

# Inchcape plans drive into Europe

By John Griffiths INCHCAPE, trading group, has developed detailed plans to exploit Europe's intended single market with a multi-coun-

try network of car retailing and distribution outlets. Mann Egerton, the subsidiary through which Inchcape's continental "invasion" is being mounted, has already bought one Paris-based organisation for £2.6m. And it expects to spend at least a further £25m buying further companies in Germany, France, the Nether-lands and Switzerland over the

next 18 months. This is the first attempt by an independent UK distribution group to tackle Europe's retail car market on this basis. There has also been no sign of continental distributors seeking to move outside of their own national markets in simi-

Mann Egerton's strategy was drawn up after a 12-month study by Inchcape of market opportunities in mainland

The first step has been for Mann Egerton to acquire Franco Britannic Automotives. This group, previously owned

By Vanessa Houlder

TIE RACK, niche retailer,

yesterday announced a 72 per

cent rise in profits for the 28

weeks to August 14. The tax-

able result increased from

£217,000 to £374,000. Last time

however there was an excep-

tional debit of £64,000 relating

to the opening of a new central

warehouse. Inclusion of this

into the pre-tax figure reduces

described the results as very

pleasing. The company had

made "tremendous progress"

in developing its products by

improving their range, quality

per cent on a like-for-like basis.

The total number of shops has

increased to 187, of which 119

are in the UK and 68 overseas.

Mr Bishko said that the group

was on course for 210 shops (of

which 80 will be abroad) by the

In the US, the group's major

development area, 19 shops

have been opened. This has

RAINE INDUSTRIES, the

housebuilder bidding for Rub-

eroid, the roofing materials

company, is increasingly

unhappy about the time taken by the Office of Fair Trading to

consider the recommended

counter-bid from Tarmac, con-

struction and building materi-

The company claims the delay is costing Raine £117,000

a week in underwriting fees. A

decision on whether to refer

the Tarmac bid to the Monopo-

lies and Mergers Commission

had been expected before

Wednesday, the first closing

London-quoted gold mining

company with operations in Venezuela, reported a pre-tax

loss of US\$717,000 on a turn-

over of \$396,000 for the half-

losses of \$515,000, and the net

loss came to \$761,000. No divi-

Mr Andrew Nelson, finance

director, pointed out that the

company's functional currency

was in US dollars but until

recently most of its liquid

funds were in sterling. This

resulted in a \$1.465m currency

gain in the second half of last

year, followed by the loss in

changed and over 90 per cent

of its liquid funds was in dol-

the six months to June.

There were also currency

year to June 30.

dend will be paid.

chief executive, said yesterday: 242p.

date of Tarmac's offer.

Retail sales increased by 18

Mr Roy Bishko, chairman.

the rise to 33 per cent.

and marketing, he said.

financial year-end.

By Andrew Hill

by TAG of Switzerland, is the distributor in northern France of Rolls-Royce, is the largest Jaguar dealer in France and it also represents the Royer

Three more acquisitions are in immediate prospect in other countries, with a total of between 12 and 15 planned by 1990, according to Mr Richard Martin, Mann Egerton chief executive and a former senior executive of Lex Service. Mann Egerton itself has

expanded rapidly during the recent car distribution and retailing boom in the UK. It now has 60 outlets in the UK representing 19 vehicle franchises, used car and after-sales operations. It still forms only part of Inchcape's automotive

taker, former managing director of Leyland Cars. These activities accounted for more than half of Inchcape's £2.04bn turnover last

operations world-wide, which

Mr Martin stressed that the intended creation of a single EC market after 1992, and the

All-round growth pushes Tie

Rack ahead 72% to £374,000

been achieved at a lower-than-

expected cost and the company

expects a marginal profit this

year. The company is already

into profit in continental

Europe, where it has 15 shops.

New warehouses and offices

have been opened in New Jer-

sey, US, and additional ware-

house and office space has

Turnover increased by 60 per

been leased in West London.

cent from £9.55m to £15.36m.

Earnings per share increased

by 60 per cent to 0.69p (0.43p).

The interim dividend has been

increased by 27 per cent to

Mr Bishko bristles with confi-

dence - as, on the face of it,

well he might. These results

were better than expected and

reflected a creditable boost to

sales in existing shops and Tie

Rack's remarkably good recep-

tion in the US. The US success

underlines Tie Rack's growth

prospects - the overseas out-

lets are in their infancy while

"I feel very strongly that the

OFT has failed to act in reason-

able time. They have had eight

The lengthy takeover battle, already in its 14th week, is set

to run for at least another five

days. Both companies yester-

day extended their offers until

announced it owned or had

received acceptances of its

280p-a-share cash offer repre-

senting 41.3 per cent of Ruber-

oid's share capital. Some 26 per

cent of the target's shares are

committed to Raine's hostile

cash-and-shares bid, which val-

future should be minimal.

No comparative figures were

given because the company

had not started trading in June

last year. Monarch raised

£6.6m via a share placing last

July and in May this year

called for a further £17.8m net

through a rights issue and sub-

current assets, mainly in liquid

funds, of \$35.4m.

At June 30 Monarch had net

The company reported that

delays had occurred at its

Mocupia Gorge project, where

gold will be recovered from

waste dumps, and start-up, pre-

viously scheduled for this

month, had been delayed to

March next year. Production

expected in the second quarter

yesterday

3 pm next Wednesday.

Tarmac

Mr Peter Parkin, Raine's ues each Ruberoid share at

Monarch Resources into

\$761,000 net loss midway

MONARCH RESOURCES, the lars so currency fluctations in

By Kenneth Gooding, Mining Correspondent

0.465p (0.365p).

COMMENT

Raine criticises OFT delay



Derek Whittaker - Inchespe's head of automotive operations

the block exemption which protects franchised vehicle networks within the RC, was not the sole reason for the decision to attack continental markets. The best UK vehicle distribution groups, he contended, had acquired higher levels of retailing and service support skills

there is still scope to double in

size in the UK. The company

still has a sound financial

structure and its method of

franchising means it can

expand quickly without losing control. But for all that, Tie

Rack's confidence does not

seem altogether shared by the

City. The share price is 30 per

cent lower than at the time of

the last set of results and, even

after yesterday's 4p rise to 92p,

it is miles away from last

year's 145p offer price. The rea-

son is, perhaps, a general

(though far from universal)

disenchantment with niche

retailers. In addition, there are

worries that the management

is a one-man band, following

the recent departure of two of

the company's senior directors.

These fears however seem

overdone. The company may

well make profits of £3.8m for

the year, putting it on a multi-

ple of 13, which - perhaps for

the first time in Tie Rack's

stock market history - seems

The OFT said the delay was

principally due to the large

number of representations

about the Tarmac bid submit-

ted by third parties, such as

trade organisations. A decision

was not imminent, the OFT

Tarmac and Ruberoid are

competitors in the roofing

materials market. If the agreed

bid is successful, they have

agreed to dispose of overlap-

ping businesses in an attempt

to counter monopolies problems. Tarmac said yesterday it

had now prepared the ground

for the divestments, and was

"quite relaxed" about the delay in the OFT's decision.

undemanding.

then were typical on the continent, Mann Egerton believed that its own expertise in this area offered the opportunity for fast growth in continental markets, whereas prospects for UK distribution groups to sus-tain their hitherto rapid rate of expansion in the domestic market were diminishing.

The proclaimed belief that

UK distributors can beat the service standards of automotive groups in other countries also lies behind the Lex Service announcement, a few months ago, that it was entering the US car retailing market with the acquisition of a Californian distribution group.

Mr Martin said Mann Egar-

ton was starting initially with specialist marques like Jaguer and Rolls-Royce both because they were already very familize to the Inchesno enheidistry and because, milike most voiume car franchises, many of the dealerships were privately

They would thus be able to benefit from the extra financial resources, as well as depth of management, which Mann Egerton would inject.

### Lawrie dives to £677,000

Reduced profit from the estates in Malawi and the absence of exceptional investment sales hit the Lawrie Group of plantation companies in the first half of 1988.

Pre-tax profit fell from £3.47m to £677,000. On a reduced turnover of £2.04m (£2.3m) there was an operating loss of £282,860 (profit £104,800), excluding interests in Bangladesh. Investment and other income was held at £1.1m (£1.16m) but the surplus on the sale of fixed asset investments was only 290,000

(£2.47m) In Malawi, the estimated profit of the British African Group for the year ended June 30 1988 was down from £552,000 to £278,000, mainly because of a shortfall in the coffee price. That had recently improved considerably but the sume could not be said of tea trices, directors reported.

Results from Bangladesh could show an encouraging improvement if the current lead in both production and sale price was maintained. But over 70 per cent of the crop had yet to be sold.

Earnings worked through at 9.14p (116.44p) per £1 share after tax of £187,000 (£506,000) and minorities of £3,000

### Majedie -

A final dividend of 4.5p from Majedle Investments makes a maintained total of 6.5p for year ended September 30 1988. Earnings per 10p share were up from 6.51p to 6.65p. Investment income totalled

£3.15m (£3.12m) and pre-tax revenue £2.45m (£2.48m). Net asset value came to 283p, compared with 257p six months' earlier and 344p at September 30 1987.

### Low market activity and administration costs cut Globe Inv that the percentage increas

CONTINUING low market activity and increased administration expenses cut first-half attributable profits at Globe Investment Trust by 5 per cent from £123m to £11.7m in the six months to September 30. However, fully diluted net

asset value rose 6 per cent to 180.81p (170.62p) per share, recovering some of the ground lost due to the stock market crash last year, before which net assets stood at 232.25p per share. Shareholders' funds increased from £910m to £966m. Mr David Hardy, chairman of Globe, the UK's largest investment trust, said under-writing commission and other market-related earnings had been reduced in the dull mar-

Listed investment income income from unlisted investments fell to £3.04m (£3.78m). Interest income more than halved to £992,000 (£2:11m) and other income dropped from 52,42m to £1.88m. Subsidiary companies' earnings were also down, from £3.33m to £2.57m. Globe said higher salaries and staff numbers, increased advertising and the final costs of the listing on the Tokyo

Stock Exchange, had contrib-

uted to the 45 per cent rise in

administration expenses to

£1.78m (£1.21m). Mr Hardy said

fast as the rate of inflation ar growing its net asset value faster than the FT-All Sha index, but its performance hi been hardly dazzling. Over ti last year its shares have rise by 4% per cent, while those Foreign & Coloniai have rise almost twice as fast. Of cours movements in discounts ar currency movements hav played a part, but if only to performance of its quoted po: folio would come a little clos

full-year stage. Earnings per share fell from

2.33p to 2.21p and the groudeclared an increased interir

dividend of 1.61p (1.52p). To

shares rose %p yesterday

Globe has just about met i' twin investment objectives a raising its dividend at least a

close at 146%p.

O COMMENT

to matching that of i unquoted portfolio then Gio might become a more exciti animal. With the demise TRIG, there is bound to speculation that Globe's h gest shareholder, the Briti Coal pension funds, will o day try and take advantage Globe's current 20 per ce plus discount to net as: value. Size is no longer a re istic defence.

. .

### 'Quite a lot of interest' in GFW's RHM stake

By Mikki Talt GOODMAN FIELDER Wattie, the Australasian company which is currently seeking offers for its 29.9 per cent holding in Ranks Hovis McDougall. UK bakeries and food group, said yesterday that there had been "quite a lot of interest" in the holding from potential pur-

However, Mr Cliff Lyon. GFW's European director, declined to speculate on the number of firm inquiries which the group expected to be registered today, the closing date for expressions of interest. He stressed that any sale might still take time to complete, although he added that GFW hoped to have concluded

my negotiations by Christmas,

Morgan Granfall, which is

that the company would not putting in "its own runner" that is, a preferred purchas - but said that if GFW's sa procedure failed to produce buyer, then "naturally " would be interested in seei what could be done" GFW put the stake up i

advising RHM, said yesterd

sale after seeing its \$1.7bn for RHM referred to Monopolies and Mergers Co mission this summer. Yest day, it said that it was transf ring the stake - 183.7m shar - to its European subsidia However, this is describ solely as a matter of intern reorganisation.

Yesterday, RHM shar eased 4p to 388p, valui GFW's stake at £402m.

### New Cavendish ahead

NEW CAVENDISH Estates reported pre-tax profits of £367,844 for the year to end-June 1988, a 24 per cent increase on £295,420 last time. After rents payable and other property outgoings of a profit of £717,000 which for £278,463 (£280,585) net rental part of an extraordinary cre income totalled £428,212 (£465,847).

Gross profits from property trading rose to £291,389 (£76,636) and interest and other income came to £262,088 (£260,114). Earnings worked through at 1.33p (1.63p) and the dividend is again 1.5p. There was a share of losses

of an associated compa amounting to £125. (£113,207) arising from the c pany's investment in Brade Court nursing homes. 1 holding has been disposed o of £1,03m (£309,000).

The company said that w its strong cash position a low gearing coupled with appointment last week o new management team if i well placed to take advant. of opportunities within existing portfolio and marketplace as a whole.

This advertisement is issued in compliance with the Regulations of the Council of The Stock Exchange.

Application has been made to the Council of The Stock Exchange for the whole of the Ordinary share capital of the Company, issued and now being issued, to be admitted to The Official List. It is expected that the Ordinary shares will be admitted to The Official List on 2nd November, 1988 and that dealings in the Ordinary shares will commence on 3rd November, 1988.



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Portmeirion Potteries (Holdings) PLC Penkhull New Road, Stoke-on-Trent, Staffordshire ST4 5DD and from

Henry Cooke, Lumsden pie

1 King Street, Manchester M60 3AH

Copies of the Listing Particulars are also available from the Company Announcements office up to and including 1st November, 1988. 28th October, 1988.

### Smallshaw little changed THE DIRECTORS of R.

The policy had now been for sale at full capacity was

Smallshaw (Knitwear) expect the 1988 profit to show an improvement over the £440,000

For the first half there is little change at £229,000 (£227,000).

Turnover and profit from Mill Hill Knitwear were slightly ahead, the directors said, but Brookside Dyers and Finishers was unable to increase sales because of a general shortage of commission

Overall, turnover rose to £4.69m (£4.28m). Earnings worked through at 5.95p (5.9p) and the interim dividend is held at 0.75p.

Smallshaw is acquiring freehold factory premises in Hinckley, Leicestershire, so it can more fully utilise the knitwear processing capacity available within the group.

Consideration will be some £290,000 in cash and it is expected that 90 employees will be transferred for continuous employment.

### Sheerwood returns to profit Central & Sheerwood, a

Central &

castings and components manufacturer and machinist which started a substantial capital reconstruction in May 1987, returned to the black in the first half of 1988. It reported profits of £163,000

at the pre-tax level, against losses of £941,000 last time. Turnover increased from 215.47m to 216.63m. For the full 1987 year, C&S incurred losses of £2.3m, after providing some £1.43m for reorganisation.redundancy and rationalisation costs, on turnover of £28.38m.

Earnings per 1p share worked through at 0.65p (losses 0.7p). As had been foreshadowed, the directors are not yet reinstating the payment of dividends, last paid in June 1983. The directors said that the

profit would have been substantially higher but for the adverse effect of the Ford strike in the first quarter on the business of A L Dunn, aluminium engineer. However, a more satisfactory level of output had been achieved since the strike. Coventry Apex, castings machinist, had also performed well they said. With the benefit of the

increased resources and the loan commitment made by Pergamon Holdings, the company's main shareholder along with Robert Fraser Group, the directors said that C&S was moving ahead with its important capital expenditure programme. They were encouraged by the opportunities for the property division to broaden the base of the company's earnings.

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Offers invited for site or completed development.

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### **Shopping Centre For Sale** Southern England

First Class Active Management/ **Refurbishment Potential** Circa. £4 million **Principals and Retained Agents Only** 

Apply Box No. T6629

KPING Peat Marwick

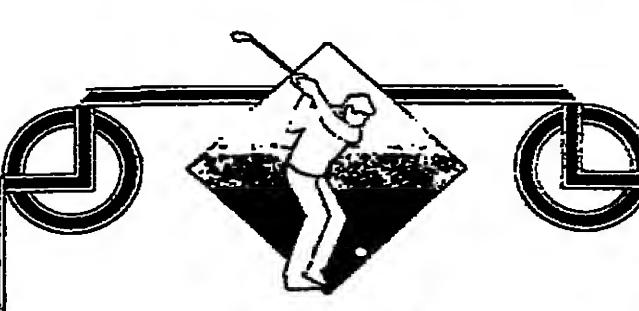
### INTERNATIONAL PROPERTY

### SOUTHWEST FLORIDA

Join forces with this developer in the areas most exciting development project. Interest in this 264 acre site is greater than ever anticipated. Development options include but are not limited to a sports/health complex with an adjoining leisure facility or a conserence centre with a championship 18 hole golf course. The research and feasability studies have been completed by the areas top "independent" research firm and are available to those with a serious interest in doing business in the U.S.A.'s fastest growing metropolitan area. Involve your company in the very early stages of this project. Land acquisition costs were well below market price and will be passed on to participants. For Information on the

above & other fine properties, contact:

CANADA, KENDALL & WILLIAMS, INC, 899 Vanderbilt Beach Road Suite 116 Naples, Florida 33963 U.S.A. TEL: (813) 597-7557 FAX: (813) 598-4239



FOR SALE

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### 323 HECTARES OF BUILDING LAND

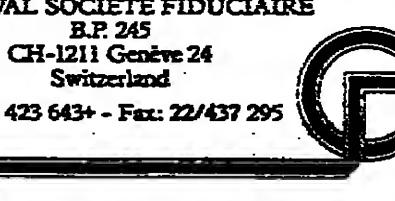
Located on the Mediterranean coast of southern Spain. Approved project for the construction of 5,000 tourist housing units: botels, apartments, villas, leisure clubs, etc. 1.2 kilometres of beach included in the project.

Price: USS 9.20 per square metre

For full details, write to: GESTOVAL SOCIETE FIDUCIAIRE B.P. 245

Switzerland

Telex: 423 643+ - Fax: 22/437 295



ATTENTION: REAL ESTATE INVESTORS HISTORIC OFFICE BUILDING FOR SALE WASHINGTON, D.C.

Premiere historic office building in Washington, D.C. Approx. 17,000 sq.ft. Excellent location. Master lease with guaranteed income available. Price: \$6.25 Million (US) Annual Yield: Approx. 7% Principals only please.
For information telephone, telefax, or write:

> Vista Capital Corp. 1155 Connecticut Avenue NW Washington, D.C. 29036 USA Telephone: 202-371-6600 FAX: 292-467-4924

### **COMPANY NOTICES**

### RAND MINES LIMITED DIVIDEND DECLARATION

Friday, 25 November

Samday, 26 November

SECRETARIES IN THE

UNITED EDICIDORS

40 Holbern Vizatura

London ECIP IAI

Sunday, 4 December

On Thursday, 27 October 1988, the directors of the company declared daysiend No 98 as a final dividend in respect of the year ended 30 Seizember 1988 as

Amount (South African currency) 345 cents per share Last day to recester for chyclend (and for changes

Ex-dividend on Johannesburg and London stock exchanges Monday, 28 November Currency conversion date for sterling payments to shareholders paid from London Monday, 28 November Tuesday, 3 January Dividend warrants posted

Payment date of dividend Tuesday, 3 January Rate of non-resident shareholders' tax 15 per cent Holders of share warrants to bearer are notified that the dividend is payable on

or after Tuesday, 3 January 1989 upon presentation of coupon No. 100. The full conditions of payment of this dividend may be inspected at or obtained from the Johannesburg and London offices of the company.

By order of the board RAND MINES (MINING & SERVICES) LIMITED Secretanes

of address or dividend instructions)

to (inclusive)

Recesters closed from

per F D W PEACHEY Brantford, Ontario, Canada 356 acres - 1.5 million square feet REGISTERED OFFICE: - four modern industrial buildings 15th Floor, The Corner House plus central office space 63 Fox Street - full municipal services Johannesburg 2001 (PO Box 62370, Marshalltown, 2107)

excess land for expansion or development TRAITED KINGDOM REGISTRARS, TRANSFER AND PAYING AGENTS: - suitable for most industrial and warehousing uses

- located within 1 to 2 hours of Toronto and the U.S.A. - easy access to major expressways and international airports

Contact: Michael Creber 416-863-3825/519-758-2603 Sharon Lassaline 416-863-3363/519-758-2693

KPMG Peat Marwick Limited. Court-Appointed Receiver, Massey Combines Corporation, P.O. Box 31, Commerce Court Postal Station, Toronto, Ontario, Canada M5L 1B2 Telecopier: 416-863-3364/519-758-2683 Telex: 06217692 VERITATEM-

### 6 Greencoat Place London SWIP IPL

**B.A.I.I. FINANCE** 

COMPANY N.V.

USD 70.000.000 floating rate notes

1982-1989 The rate of interest applica-

ble to the interest Period from 26

October 1968 up to 25 April 1989 as

determined by the reference agent is 9

per cent per annum namely USD

**IU INTERNATIONAL CAPITAL** 

CORPORATION N.V.

Agent Bank, Orion Royal Bank Lamond

227.50 per note of USD 5.000 -.

Charter Consolidated Services Lemited

RAND MINES BREAKING NEW GROUND EVERY DAY.

Hill Samuel Registrars Limited

TECK CORPORATION NOTICE TO Warrantholders

(Incorporated in the

Republic of South Africa)

Registration No. 01/00658/06

Notice is hereby given to the holders of Class B Subordinate Voting Share Purchase Warrants (the 'Varrants') issued under the Warrant Indenture dated as of November 20. 1966 between Teck Jorporation and National Trust Company that the Warrants expire at 4:00 p.m. Toronto time, on November 21, 1988 and thereafter the Warrants will be null and wold.

Warrantholders wishing to exercise Warrante must currender, or send by mall or other means, the Warrant certificate with the subscription form duly completed together with the required payment in accordance with the terms of the Warrant Indenture to a principal office of National Trust Company in Toronto.

Montreal, Calgary, Winnipeg or Vancouver or to the office of Bankers trust Company, London, Epoland to be procedured at a with office or don, England to be received at such office at or prior to 4:00 p.m., Toronto time, November

Toronto, Ontario

US\$85,000,000 RETRACTABLE Teck Corporation R.F. Mossman on 31st January 1989 against coupon No. 17 Secretary will be US\$234.78 per US\$10,000 Note.

FLOATING RATE NOTES DUE 1992 NOTICE IS HEREBY GIVEN that for the interest period commencing 31st Detaber 1988 the Notes will bear interest at the rate of 97.5% per annum. The interest psyable

### is OLISTANDING PROPERTIES in Manhattan, Brooklyn and White Plens Rochester and Miami

storey office building for corporate or banking.

New York

**AUCTION** 

Nov. 8 Hotel Pierre, NY

White Plens NY - 62 Unit apentment building with 2 stores Brooklyn NY - 7 Yacani modern

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(312) 319-8539 Fax: 212-223-1354

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Rare opportunity to acquire leases of offices and/or shops in units of 630m<sup>2</sup> and or 600m2 in traditional building of exceptional quality in

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### GREECE FOR

SALE Prime development sites, de luxe hotels,

commercial buildings, leisure complexes and prestigious villas throughout the mainland and resortislands. Please contact: GREEK **INVESTMENTS** Tel: 01 494 2325

### LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

SI THE MATTER of CONTRIBUTAL LIFE INSURANCE COMPANY LIMITED and

IN THE MATTER of CONTRENTAL PENSIONS LIMITED and IN THE MATTER of CONTINENTAL PHILIPPED and IN THE MATTER of MINDSOR LIFE ASSURANCE COMPANY LEASTED and

IN THE MATTER of THE AUGURANCE COMPANIES ACT 1982

NOTICE IS HERESY GIVEN that a Patition Her Majesty's High Court of Justice by the shave-named Windsor Life Assurance Company Limited ("Windsor") for:

(1) an Order under section 49 of the above mentioned Act, sanctioning a Scheme involving the transfer to Windoor of the whole of the long term business (as defined in the above-mentioned Act) of the above-named Continental Life Insurance Company Limited. Continental Pensiona Limited and Continen-

(2) an Order, pursuant to Section 50 of the Act, making ancillary provision for implementing the said Scheme.

tal PHI Limited ("the Transferors")

Copies of the Petition, the Scheme and of a Independent Accusry (as required by Section 49 of the insurance Companies Act 1982) will be open to inspection at the registered offices of each of the Transferors all situated at 64/70 High Street, Croydon, Surrey and at the registered office of Windsor situated at Stropshire TF3 4NB and also at the offices of the Solicitors for Windsor, at 14 Dominion Street, London EC2M 2RJ during normal business hours for a period of 21 days from the publication of this Notice.

The Petition is directed to be beard before

the Honourable My Justice Holimann at the Royal Courts of Justice, Strand, London WC2A ZLL on Monday the 5th day of December 1988. Any person, including any employee of any of the Transferors or Windsor, who cisims to be adversely affected by the carrying out of the Scheme may appear at the time of the hearing in person or by Counsel for that purpose. Any person who intends so to appear, and any policy bolder of the Transferors or Windsor who dissents from the Scheme but does not intend so to appear, should give two clear days' prior pooce in writing of such intention of dissent (and the reasons therefore) to the undermentioned Solicators.

Copies of the documents referred to above will be furnished to any person requiring them by such undermentioned Solicitors on payment of the regulated charge for the

DATED this 28th day of October 1986 Summons & Summons 14 Dominson Street LONDON ECZM SAT Ret SIH 01761/EG

Solicitors for Windson

### COMPANY NOTICES

NOTICE TO HOLDERS OF WARRANTS

RYODEN TRADING COMPANY, LIMITED U.S.\$30,000,000 3½ per cent. Gunranteed Bonds 1992 with Warrants

Pursuant to sub-clause (xiii) of clause 3 of the instrument dated 22nd October, 1988 (the "Instrument") relating to the above-mentioned Warrants (the "Warrants"), the following notice of an adjustment to the Subscription Price (the "Subscription Price") of the Warrants is beceby given.

Ryoden Trading Company, Limited (the "Company") made a public offering outside Japan of U.S.\$55,000,000 5% per cent. Guaranteed Bonds 1992 with Warrants to subscribe for shares of common stock of the Company issued on 27th October. 1988 at the Subscription Price of Japanese Yen 926.00 per share, which is less than the current market price per share of Japanese Yen 970.80 calculated as provided in the

As a result of the above public offering, the Subscription Price of the Warrants has been adjusted, pursuant to clause 3 of the Instrument, from Japanese Yen 825.50 to Japanese Yen 818.70 effective as of 28th October, 1988 (Japan time).

RYODEN TRADING COMPANY, LIMITED

Dated 28th October 1988.

### **KB IFIMA N.V.**

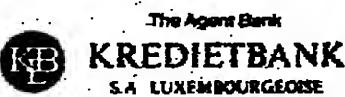
KB Internationale Financieringsmaatschappii N.

### US\$ 150,000,000 Guaranteed Floating Rate Notes Due 2011

In accordance with the Description of the Notes, notice is hereby given that for the interest period from October 27, 1988 to January 27, 1988 the Notes will carry an interest rate of 8,775% per annum.

Iro

The interest payable on the relevant interest payment date, January 27,1989 against coupon n°11 will be US\$ 224.25 per Note of US\$ 10,000 nominal and US\$ 5,606.25 per Note of US\$ 250,000 nominal.



CORRECTION NOTICE CHASE MANHATTAN

BANK LUXEMBOURG S.A.

NOTICE OF CHANGE OF

ADDRESS

He die nover published on 18.19.28 ; new address should be as follows:

L 21% LUXEMBOURG-GRUND

**PUBLIC NOTICES** 

THE BRITISH POLIO

**FELLOWSHIP** 

BELL CLOSE, WEST END

ROAD, RUISLIP, MIDDLESEX

Had GLP

As required by the Regulations govern-ing Persons the Fellowskip announces

to House Collections held in July and

£32.741.85

£5,821.18

September 1968 as follows-

City of Loudon Police were

Net results

All other desails

### THE ROYAL BANK OF CANADA

U\$\$350,000,000 Floating Rate Debentures

for the period 31st October 1988 to 30th per cent per annum. On 30th Novembe PRESENT OF US\$7.03125 per US\$1,000 nominal amount of the debenturies will I the period commencing 30th November 1988 will be distanced on 28th November

**ORION ROYAL BANK** LIMITED

Agent Stark and Principal

### LEGAL NOTICES

BY THE HIGH COURT OF JUSTICE CHANCERY DIVISION No 096450 of 1968 IN THE MATTER MAXWELL COMMUNICATION

CORPORATION pic IN THE MATTER of THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN, that a Patition was on 27 July 1888 presented to Her Majesty's High Court of Justice for confirmation of the Share Premium Account of the said Company amounting to the som of \$568,683,620.

AND NOTICE IS FURTHER GIVEN that the said Pediton is directed to be heard before the Honocrabie Mr. Justice Hottmann at the Royal Courts of Justice, Strand, London WCZA ZLL on Monday the 7th day of November 1988.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the cancellation of Share Premium Account should appear at the time of hearing in person or by Councel for that purpose.

Counsel for that purpose. A copy of the said Petition will be furnished to any person requiring the same by the under-mentioned solicitors on payment of

the regulated charge for the same. Dated the 18th day of October 1985 FRESHFIELDS (TT/TGC) Walder House 17-24 Cathedral Place London EC4M 7JA

Solicitors for the above-named Company,

### The British Polio Fellowship records its current gratitude to the general public for their generous support and its appremation to all collectors who made these voluntary efforts possible.

ART GALLERIES HALL CALLERSES, The Mail, SUT. Art &

bition - A Celebration of the tay - cree, by 35 artists from the North of English Wed 19th - Set 29th October, Adm Fr

works for sale. 10em - 5pm. CLUBS EVE has curlived the others because of

policy on fair play and value for mos. Supper from 10-3.30 are. Oteco and

musicians, giamorous hostesses, excit-liconstions, ISD, Piopent St., 01-734 0557

### PROPERTY RESEARCH

The Financial Times proposes to publish this survey on:

### Friday 25th November 1988

For a full editorial synopsis and advertisement details, please contact:

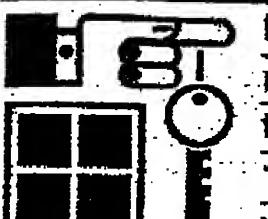
### JOANNA DAWSON on 01-236-9763

or write to her at:

Bracken House 10 Cannon Street London EC4P 4BY

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London's orbital

motorway is rapidly turning into a

120-mile 'war zone' with developers and

conservationists lining up against each other. As battles are being fought at planning inquiries, Paul

Cheeseright looks at the state of play

# Catalyst for controversy

ALL THE indicators point to further growth. The M25. designed to take the pressure off London, has created development pressures of its own. A motorway created to give relief has created its own congestion. Completion of the M25 has been an important catalyst in fostering the rise in property values in the whole of the south east. It has added a new dimension to the growth of the regional economy, itself the central area of national economic growth.

The effect has been to create a shortage of property. New developments have been spurred inside the towns near the motorway. Housebuilders have sought permission to breach the Green Belt, because that is where land is available. Retail developers have done the same thing.

Inevitably one consequence has been tension between developers and the planners, the first responding to the needs of the commercial market, the second seeking to maintain a balance between environmental considerations and economic growth. But the current political climate is hostile to tampering with the

Green Belt. Inevitably, another conse-

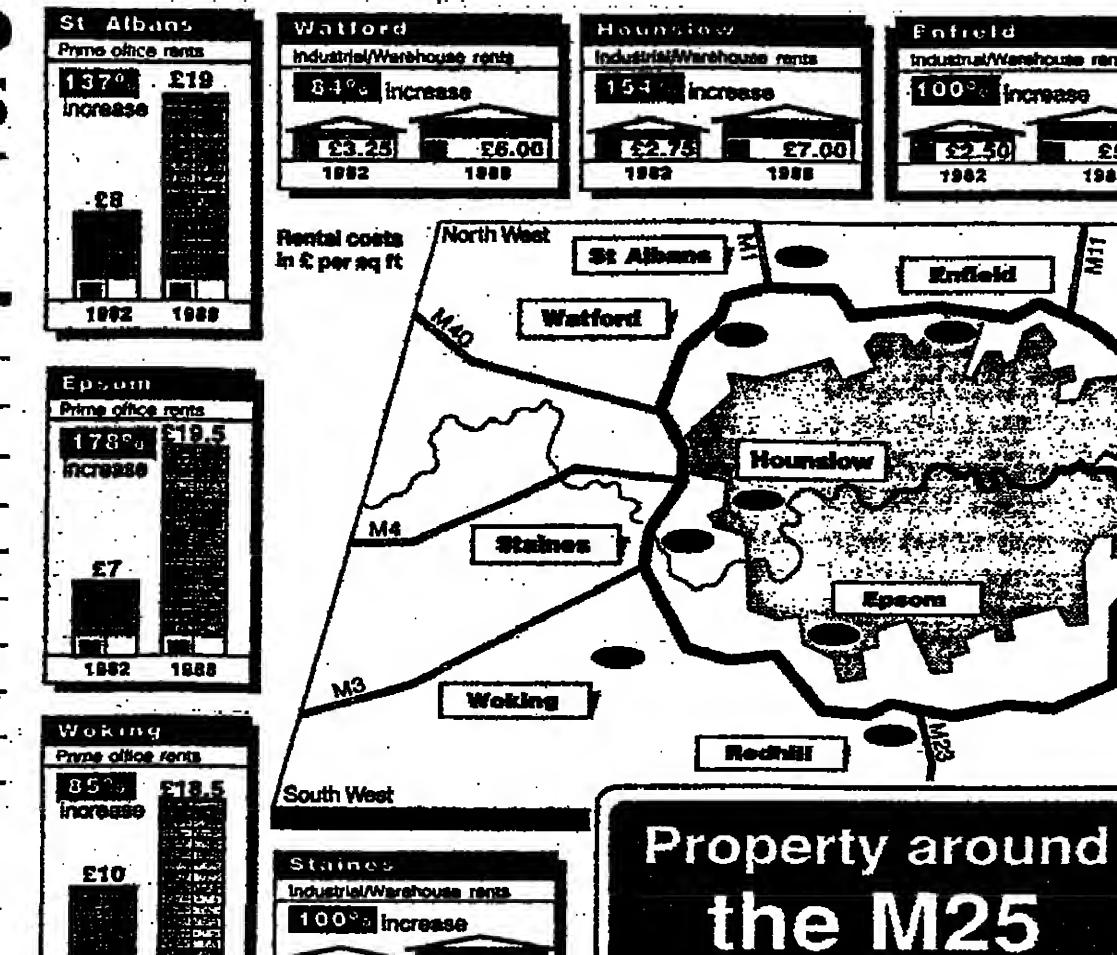
quence has been to make it more difficult to justify property developments where the rental income tends to be at the bottom of the scale - industrial sheds and warehousing. The economic growth of the M25 area has made it less attractive to do precisely those things which the completion of

the M25 theoretically should have made easier. Yet, in this complex of general considerations, there are variations between one serment of the motorway and another. What happens in cast Essex around Thurrock or in north Kent ground Dartford is not the same as in Berkshire or

The completion of the motorway has had the effect of pushing development into those areas which in economic terms needed it most.

Thus there has been a notable stimulus to growth in the north east and south east segments of the motorway, which three or four years ago would have been ignored by developers seeking a place in the lush pastures of the inner M4 and M3 corridors.

There has been a catching-up so that, for example, industrial rents on the south side of the motorway have



100°s increase

£3.25

# Source-Knight Frenk and Rulley M25 PROPERTY

Rockell

Enfretd

£2.50

Enfield

100°c

Industrial/Warehouse rents

1988

tended to rise faster than those start of work on Eurotunnel. Short of any major downturn

posable income are high. As the development pressures. Policies of restraint have

of that is likely to be a growing to move very far. There is every reason to suppose that

there is elsewhere. tion now is to establish what effect the rise in interest rates

under from its own supporters This controversy started with the issue of regional shop-

Brentwood

Prime office rents

Sevenoaks

Prime office rents

increase £15

114%

Redhill

Prime office rents

£17.50

218°a

increase

Indusmal/Warehouse rents

Mid-year

South East

figures

120°c increes

£2.50

North East

Thurrock

Dartford

Sevenoaks

Industrial/Warehouse rents

166° increase

£2.25

Brentwood

Change

the

market

THE NEW use class B1 - which allows light industrial property

to be used for offices and vice versa - has changed the face of the British industrial market.

The area around the M25 has

been particularly affected, with traditional industry giving way

to the business park, although there is still strong demand for ordinary sheds. Dartford,in

Kent, gives a good example: Blue Circle Industries, a main-

stay of local industry, is build-ing the largest scheme in the

town. The 150-acre Crossways

Business Park, previously

known as Crossways 25 and next to the ferry terminal, is now well under way and the

first phase is ready for occupa-

The phase totals 200,000 sq ft

in units of between 11,000 and 52,000 sq ft, all with a high

office content, and asking rents through Donaldsons, have

Industrial rents around Dart-

ford area have increased dra-

matically in the past 18 months, according to Mr David

Simpson of G A Property Ser-

vices, owing to an increasing

shortage of development land.

Demand is keen for small free-

hold units in any condition and

Knight Frank and Rutley, act-

ing for the receivers of W W

Brown, had been offering a

16,000 sq ft post-war factory

unit on a 1.1 acre site in Sand-

nit Road. More than 100 par-

ties, mostly owner occupiers,

showed interest, and the

agents were expecting the ten-

der price to be more than

In Sevenoaks, long in the

development doldrums, the

started at £5.30 per sq ft.

iber ling

ing be and will the

ODE

oup to

seen

in

ping centres. Latterly, it has

scene is now looking up, with the help of the Otford Group. who are best known for plastic manufacture and injection

Among the projects with which Offord is involved is a widened to embrace residential further phase of of the Vestry and commercial development. Industrial Estate in Sevenoaks. It has surfaced in local plan-PosTel is funding the 84,100 sq ning inquiries and in the ft phase to the tune of £4.65m debate about local developand the scheme will be both ment plans. class B1 and B2, including eight units of between 6,000 sq ft and 26,000 sq ft.

£750.000.

mouldings.

The price paid represents a yield of 9.25 per cent to PosTel

is the controversy over the on the north side. And here, of standards of living increase so desire among occupiers to The availability of funds is Green Belt and the pressure does the demand for more conmove to the London periphery. course, there has been the in itself a pressure for developthat the Government has been Relocation studies suggest that ment and the effects of this extra stimulus of the improvegenial places in which to work. when companies move out of have been seen in the narrow-The planners, in short, have to protect it. ment of the motorway network central London they tend not south east of London and the a difficult task in withstanding ing of yields. But the big ques-

INSIDE. Shopping centres: Tricky task for Ridley 2; Office development: Pressure increases 2; Channel tunnel: Areas with potential 2; Planning: No simple answers 3; Business parks: Rents set for take off 3

office rents will continue to

rise in the towns around the

in the economy, the whole region will continue to be subject to development pressures. The demographic profiles suggest that population will continue to increase, creating the twin pressures of demand for more opportunities to work and drawing in more people to service the opportunities already created.

Despite pockets of high unemployment, the jobless rate in the region is the lowest in

the country. The levels of dis-

development - hence the demand for regional shopping centres adjacent to the motorway. The phenomenon of the business park, providing office facilities in semi-rural surroundings has taken hold. Although town centre office rental rises have not been relatively so high as the national

tended to hold back retail

performance of the central

London market. But one effect

average, this has partly been because of the extraordinary

In all of this there are the ingredients for a ready supply of finance for development and for the institutional purchase of completed properties. The first instinct of the property

funding institutions is always to look in or near their home patch. Surveys have shown that there is a much greater readiness to invest in and around the London area than

ing an extra look at project appraisals based on an increasing rental income. This could take some pressure off the planners although it will not affect the underlying momenturn of development However, the immediate issue is not financial at all. It

will have on property develop-

the more speculative ventures

will be frozen. And it is sure

that the lending banks are tak-

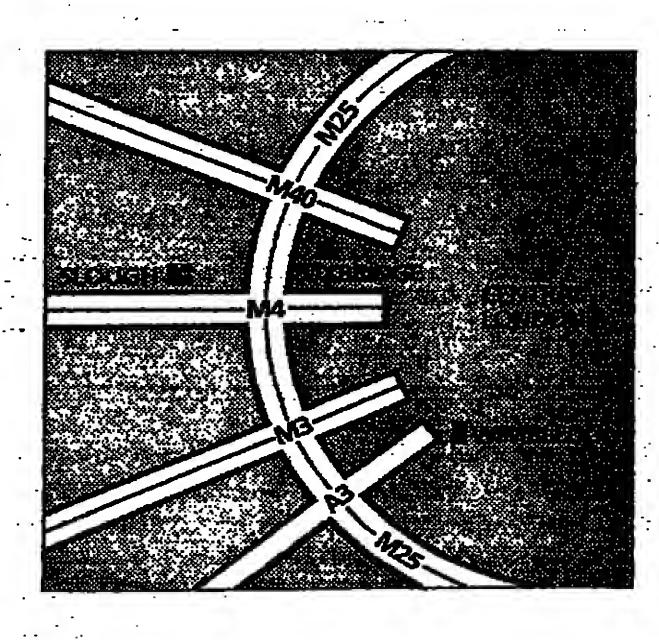
It will probably mean that

ment ambitions.

Speeches of ministers suggest that the Government has hardened its rhetoric against development in the countryside and in the Green Belt spe-

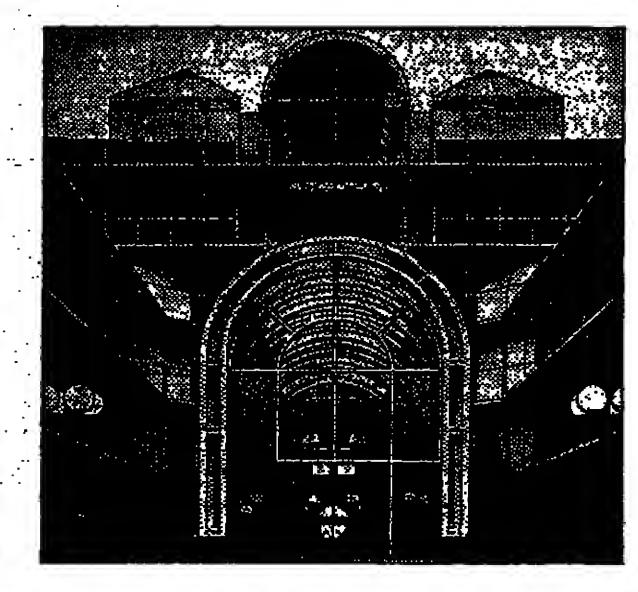
on the basis of rents of £5.50 cifically. But the detail of pol per sq ft. Work has started on icy, enshrined in planning site. St Quintin acted for guidelines for local authorities. Continued on Page 3 has not changed.

# Sun Alliance developing for the future



In recognition of the commercial advantages of proximity to the M25, Sun Alliance has a number of office buildings adjacent to London's orbital motorway available for letting.

Built to an excellent standard of specification, features such as air conditioning, raised floors, and energy management systems are common to all buildings.



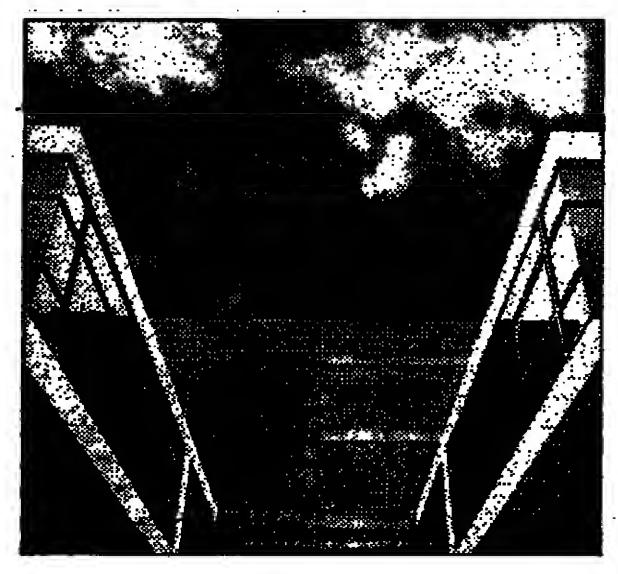


68,000 sq ft is available for letting at 154,000 sq ft Charter Place which is situated in the heart of Uxbridge. 198 car parking spaces are provided with this remaining accommodation. Charter Place incorporates a computercontrolled cost-efficient building management system to regulate power distribution according to conditions.

The M25 and M40 are a mere 3 minutes drive away and Heathrow via the M4 can be reached in 10 minutes.

Healey & Baker

01-629 9292

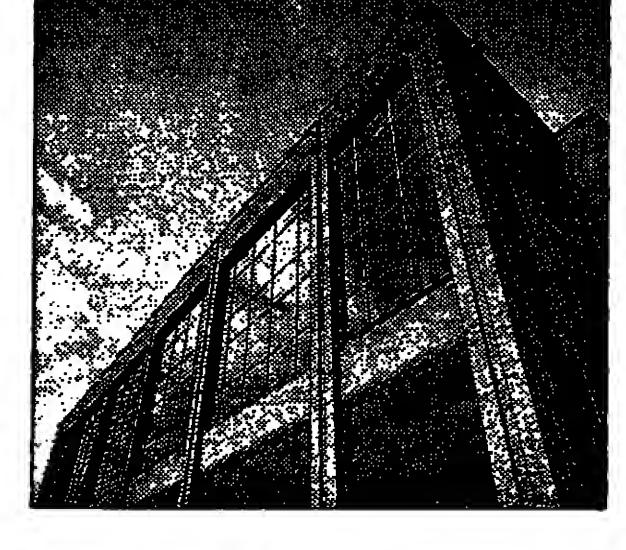




Situated opposite the British Rail station and with frontage onto Brunel Way, Sovereign Square offers 60,000 sq ft of excellent office accommodation.

Sovereign Square has an impressive broad stairway leading up to the entrance and the full height glazed atrium inside. 206 car parking spaces are provided.

Heathrow Airport can be reached in 15 minutes and the M25 is only a 10 minute drive away.





150 The Broadway is the largest new office building in Wimbledon, providing 48,500 sq ft of accommodation with parking for 71 cars at basement and ground levels.

The building includes a computercontrolled system which enables remote monitoring of air conditioning and heating.

Via the A3, A24 or A217, the M25 is around 20 minutes away, Heathrow and Gatwick can be reached within 45 minutes.



Jones Lang Wootton 01-493 6040





# Tricky task faces Ridley

THE NEXT few months could prove traumatic for a government already reeling from grassroots revolt over its

Green Belt planning policies. Ticking away on the desk of Mr Nicholas Ridley, the Environment Secretary, are several small time-bombs, each referring to a major shopping centre proposed along the M25.

One wrong move could detonate an explosion equai in intensity to opposition for new housing estates around the fringes of the metropolis.

About a dozen centres, each with a retail capacity similar to a small town, have been proposed on or near the motorway, according to researchers at Hillier Parker. Many have been through public inquiries in the last 12 months, leaving Mr Ridley with the tricky task of choosing which - if any - wili

With hindsight, conflict was almost inevitable. The M25 was planned two decades ago to run through the Green Belt. to avoid cutting a swathe through existing communities. Then developers were busy building in town centres and there was no thought of moving outwards to the motorway. But fashions change - more people have cars and are willing to drive further for their shopping. They have been pushed out of many towns by parking controls and congestion, and pulled away from traditional haunts by new centres which offer indoor arcades, restaurants, and leisure facilities.

Developers with ever more grandiose plans for shopping! leisure schemes, to attract these shoppers have had to focus on the only big sites around London with easy access - the junctions of M25 and most are in the Green Belt.

The government has made it plain that it will not tolerate challenges to the rules of constraint. Mr Ridley repeated at the Tory Party conference in Brighton recently that developers could face big bills for costs

if they press for hopeless cases. Many feel they have a valid case for building in the Green Belt, however. Planning guidance by the government leaves loopholes for development where this reclaims large areas of derelict land or provides environmental improvements

such as open space. The Prudential, for instance, points out that its 900,000 sq ft scheme at Hewitt's Farm, near

Hewitt's Farm, near Orpington. Developer: Prudential. Size: 900,000 sq ft retail/theme park.

Status: Green belt Public inquiry being held - fierce local opposition. Hanover Centre, Staines.

Developer:MEPC/Hanover Property Unit

Size: 750,000 sq ft town centre industrial Inquiry decision due.

Waterdale Park, Bricket Wood, St Albans. Developer: Town & City. Size: 750,000 sq ft.

Status: Green Belt site isolated by M1/ Public inquiry decision due. Junction M4/M25, Iver, Bucks.

Developer: Tarmac. Size: 1m sq ft retailing/motorway ser-

Status: Green belt. Public inquiry decision expected. Blue Water Park, Dartford. Developer: Shearwater/Blue Circle. Size: 1.5m sq ft retail/leisure.

Status: Green belt but supported by local planners.

Public inquiry due.

PROPOSED M25 SHOPPING CENTRES

Runnymede Centre, Wraysbury, Berks. Developer: ARC Properties. Size: 1m sq ft gross retail/leisure. Status: Green beit.

Public inquiry decision expected soon. Cedar Park Plaza, Waltham Cross. Developer: Trafalgar House. Size: 750,000 sq ft.

Status: Green belt but may be isolated by M11 extension.

Elmbridge Mail, Hook, Surrey. Developer: London and Edinburgh. Size: 1m sq ft retail/leisure. Status: Green Belt status upheld this

Richings Place, Coinbrook, near Slough.

Developer: County & District. Size: 1m sq ft in neo-Georgian mansion house style.

Status: Green Belt. Lakeside Centre, Thurrock. Developer: Capital & Counties. Size: 1.15m sq ft under way - the only centre approved so far. Aldenham Park, Eistree.

Developer: Slough Estates. Size: Just less than 500,000 sq ft. Status: NOT green belt (former bus

Source: Hillier Parker

Orpington, Kent, is mainly a leisure centre which would make maximum public use of the Green Belt.

ARC also uses this tack for its similar-sized proposals for Wraysbury, Berkshire, pleading that it will be revitalising derelict land as a theme park. Even where Green Belt

restrictions do not apply or are overcome, however, many of the M25 proposals could face a rough ride. Until recently ministers repeatedly said they would not allow local planners to block out-of-town schemes merely because they took business away from existing town centre retailers. It was not for them to interfere with freemarket competition.

But the industry almost forgot that just as there are loopholes for developing in the green belt, so are there 'exceptional' cases where schemes can be rejected - such as when there is an excessive drain on existing facilities through the cumulative impact of several developments.

It was a rude awakening when Mr Ridley threw out plans for a big shopping centre at Cribbs Causeway, outside Bristol, on the grounds that it would leach the facilities of surrounding town centres. This view could come into play again when decisions are

made on massive schemes around London within spitting distance of each other. Near the M4/M25 interchange for instance, ARC has proposed the Runnymede centre at Wraysbury; County & District is planning a remarkable neo-Georgian extravaganza near Slough: and Tarmac wants to expand a motorway services site into a major centre in Iver.

There are suspicions that this tide of planning applications is led more by developers than their potential tenants. A Henley Centre report earlier this year found that most retailers would prefer to remain in town centres.

The problem is that they do not always have that option because shoppers will not tolerate the lack of parking and leisure facilities in congested older areas.

The case for allowing new centres seems strong, if only to relieve the pressure for expansion in the suburbs. Retailers told the Henley Centre that any fall-off in the spending boom would not affect expansion plans as they had already taken that into account.

But Mr Ridley is bound to raise the 'cumulative effect objection as well as Green Belt

restrictions in some cases. CACI Market Analysis has calculated that existing shopping centres within the M25 would lose £2bn in trade if all the new schemes were approved - that is almost 17 per cent of their business. Some close to a new development would find more than 50 per cent of spending power being dragged away.

Most developers will admit that there is probably room for no more than a handful of centres around the whole of the

The game for each one is to make sure theirs has the best chance of winning: spending 11m in pre-development work and possible planning inquiry costs is a worthwhile gamble when the rewards are potentially so large. Existing centres, meanwhile,

Rail would shortly be asking for private sector proposals to should prepare for the worst, according to CACL Even if a build and perhaps operate the new link few of the new developments get through there will be gross Rosehaugh has been approached to join the consorover-provision of shopping in tium because of its role in the some areas and a fundamental redevelopment of King's Cross change in the pattern of shopwhich is seen as a potential ping within London. second London terminal for

David Lawson

### OFFICE DEVELOPMENT

# Pressure increases

says Richard Kills, leaving an average of only around 30,000 so ft a year created in the

two centres. Hammersmith is

The speed of change

Zair, of agents Pepper Angliss

& Yarwood

the south have felt the benefit other eight centres. of an expanding national econ-omy, particularly in the service When demand rose, such space as there was disappeared quickly and rents boomed. Valsector, as accountants, soliciues may actually have been tors and other professionals kept down in some centres expand into more office space. because prime space was not The M25 towns have come there for deals to take place

under even more pressure, and set new levels. however, because of the in Uxbridge, Brentwood and improved access and a spin-off Egham, for instance, values from central London's oversuggest that demand will concrowded market. tinue to exceed supply in the This has produced some drashort-term, and rents of £30 a matic increases in rent levels, sq ft may be close in one or particularly in towns where

already rumoured to have seen ing to Mr Bill Ashton of Richmore than this, says Mr Ashard Ellis Research. Since 1985 values bave soared by between 9 and 40 per becomes obvious when you cent in 13 main centres monithink that the "psychological tored around the motorway. And most of the growth came in the last year, when rents

supply has run short, accord-

THE BOOM in central London

offices has tended to divert attention away from chamatic increases in demand and rents

in suburban and M25 office

centres over the last few years. But investors just discovering these towns may be too late, as

attention is now being spread

Most of the main centres in

even further affeld.

rose by an average of 25 per Even discounting an exceptional rise in Chatham, which came up from a low base, the figures are remarkable when inflation was running at only around 4 per cent. Mr Ashton

Moderate growth in the earlier part of the decade set the stage for this boom, as it encouraged little development, leaving many centres unable to cope with a sudden surge in

Only in Redhill, Woking and Uxbridge was a substantial amount of new space created.

A FRESH twist in the long

running saga of the Channel

Tunnel fixed link is that Alas-

tair Morton, the co-chairman of

Eurotumel has approached

Blue Circle, publisher Robert

Maxwell and Godfrey Brad-

man's Rosehaugh property

group to become part of a con-

sortium to build the planned

high-speed rail link between

Mr Paul Channon, the Trans-

port Secretary, who is thought

to be backing the move.

announced at the Conservative

party conference that British

Channel Tunnel rail traffic.

The new consortium would

be up against the construction

companies. Trafaigar House

and Costain, who are putting

together independent propos-

London and the tunnel.

rier to have been breached within two years. Perhaps not coincidentally the 142,000 sq ft Uxbridge One development by Land Securities he is handling with Jones Lang Wootton is

due for completion in 1990. Developers are naturally. responding to rising demand and the potential supply of offices is growing, so Richard Ellis sees a more balanced market in the longer term.

This supply will be affected, however, by changes in the Use Classes Order, which gave birth to the B1 business class building. These hybrids, often located outside or on the edge of town centres, appeal to some office occupiers, so they could be added to forecasts for pure office development. Rents tend to be lower - although the gap is narrowing - but Richard Ellis says certain occupiers

berrier" of £20 was broken in will not desert the centres. Uxbridge less than a year ago and Mayfair values were below Mr John McGuffog of Manu Countrywide points out that £30 a sq ft until mid-1986. the town centre building with "Limited supply and ample parking is still the main increased demand have pushed choice for many tenants prime levels in Uxbridge to around £24 a sq ft with the around the M25 because recent letting of Lovell's Everemployees like to be near to shops and other services. This glades development to Grand Metropolitan," says Mr David is why they are willing to pay

He points out that Sun Alli-But demand for space ance is asking \$26 for its Chararound the M25 could be ameter Place development, already mostly pre-let to Coca-Cola liorated as costs rise. Extra Schweppes, with Healey & congestion and rising house prices are also likely to Baker reporting lively interest in the remaining 68,000 sq ft. increase pressure on companies to move even further Mr Zair expects the £30 bar-

away from London. Competition for staff is already forcing some companies to reconsider expansion plans in the south east, says Debenhan Tewson & Chumocks.

Astute developers and agents are looking at piaces away from the M25 which may perform better in future than established centres, according to Mr Ken Grundy of developes

Hunting Gate. Relocating companies an being pushed farther out by the lack of new space along the

The metorway towns haw come under close examination from central London tenant expecting occupation costs b

The M25 corridor itself wil not be humane, however, espe cially those towns where rem have grown rapidly since the 1973 base level was set.

Debenham Tewson point out that centres such as Wind sor. Reading, Woking, Basingtoke and Slough will be har hit by rate rises of more that 50 per cent. The impact will b ameliorated by rental growt since the April 1988 date use for new valuations, argue Richard Ellis, but Mr Grund still expects demand to foct. on more distant centres suc as Oxford, Peterborough an Cambridge, giving them th. sort of spectacular growtexperienced in Uxbridge an ----Croydon over the last year.

David Lawso --

CHANNEL TUNNEL

more, pushing rents above £25

a so ft in central Slough and

# Areas with potential

als. Costain's plans are for a \$2.5km three pronged line linking the tunnel with London and the rest of the country.

What effect this would have on the economy and property markets of Kent, the main county to be affected by the fixed link remains to be seen. Some think Kent will not benefit very much from the tunnel anyway, they including Mr. Andrew Davis of the Sevenoaks-based Otford Group who said: "The major pickings are aiready tied up in Ashford. The

stay of that." A report from the Impact Study Team to the Channel Tunnel Joint Consultative Committee largely backed up

serodrome scheme is the main-

this opinion. The consultation document said of the potential of sites in

East Kent: An assessment made sites should be advanced for this study indicates that, with the exception of some at Ashford, sites available for economic development in East Kent are not generally of the quality likely to attract new companies. However, the report also points out that Dartford and Gravesham will be well placed for development in the 1990s, combining access from the M25/A2 with access from the river.

"The study continues: Dartford has evident potential for distribution, already being seen in the Crossways 25 development incorporating ferry ser-

High quality sites are being promoted for variousactivities including a business park. To this end, the report advocates

that the choice and quality of

North Kent if the potential f. more enterprise and emplo ment identified in this study to be realised in the 1990s. The study continue "Opportunities should sought in Dartford distri which have the advantages access to the M25 and proxiity to London, and are not or udicial to the functions of t" Green Belt.

"In Gravesham, similar: new sizes should be musnotas well as the reuse of c industrial land and cha workings which will requi clearance or reclamation." However, it is without dot

that Ashford will form 17 commercial and industrial how of East Kent.

Janice McKenz

# DARTFORD

With new investments of over £1 billion it's the growth area of South East England - the port on the M25

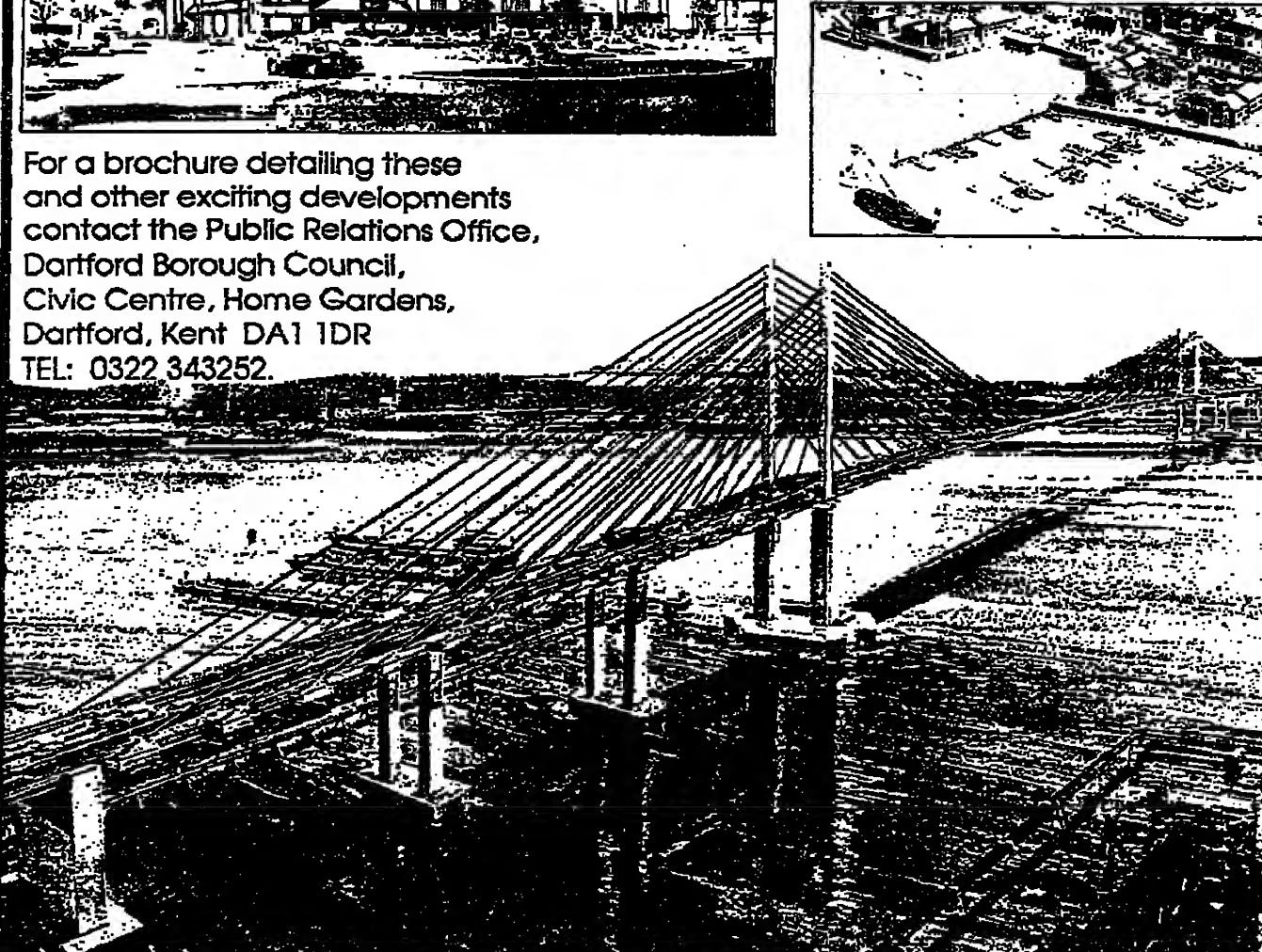
Burton Property Group - Town Centre Development Victoria Trade Park - Fort Knight Group Wellcome Foundation

Orbital One Trade Park - Allied London Properties Dartford Trade Park - A.L.P. Water World - Sports & Leisure Developments

Crossways Business Park - Blue Circle Industries Dartford International Ferry Terminal - B.C.I. Blue Water Park - B.C.I.

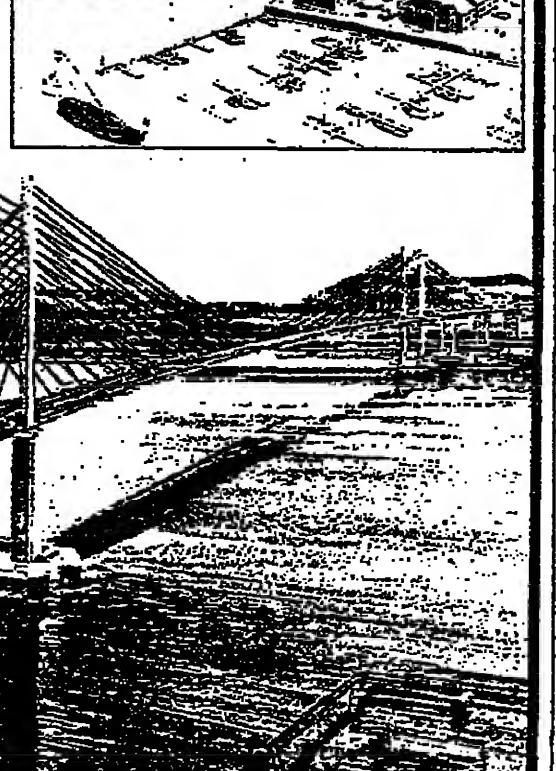
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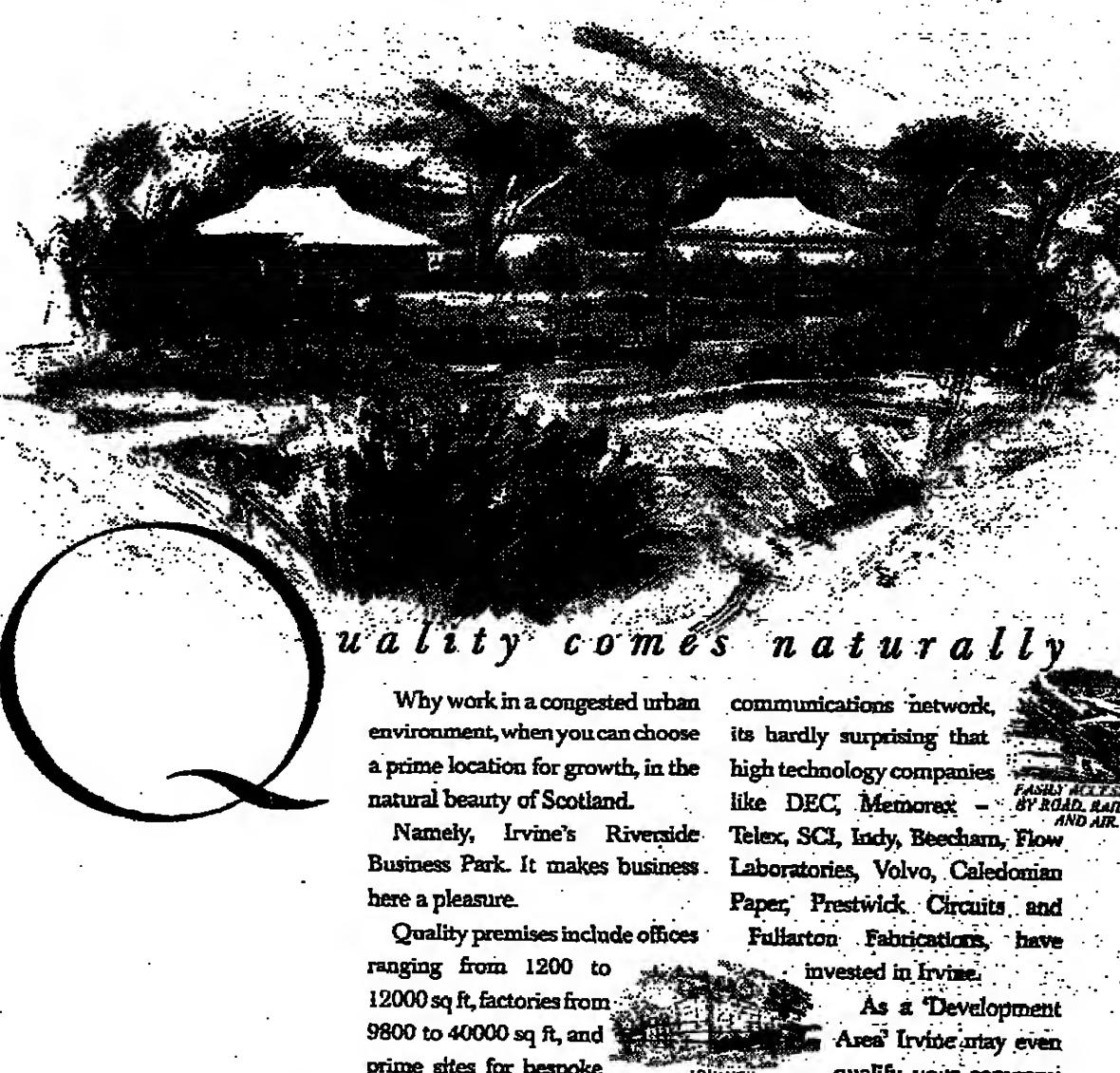












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### PLANNING

# No simple answers

running through Green Belt is a guaranteed formula for plan-

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Earling of Marie Earling

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The prospect of all those greenfield sites with motorway access for tenants, house buyers and shoppers is too tempting for many developers, who will move heaven and earth to find a way around the strictest controls. But this near-irresistible force has been matched by equally immovable objections at almost every step around

It is not a simple case of protection versus exploitation, however. Political machinations have blurred some issues as ministers respond to grass-roots revolt. The whole question of Green Beit survival has also become inextricably mixed into the wider argument about whether M25 counties should take a share of London's spill-

Almost every field gets tagged with Green Belt status ers to further incursion, particularly to the west. Mr Nicholas Ridley, Environ-

ment Secretary, has confronted his own political allies in the shires and fought public bat-tles with a predecessor, Mr Michael Heseltine, over the need for more development

Most rows have been over housing. Berkshire was told its reviewed structure plan review was short of about 7,000 homes. Surrey has been instructed to provide land for another 3,000. But commercial property limits have also been raised in some counties. The fact that the Green Belt remains almost immune has been lost in the political turmoil, and in spite of the extra provisions, counties such as Surrey remain relatively immune to develop-

ment pressures. Out-of-town shopping has been the other flashpoint, but again the Government has tended not to sacrifice official Green Belt when modifying local planuers' limits.

Only "unofficial" Green Belt has been liberated. Whitehall and the shires are almost as one mind over proliferating plans for regional centres and it seems likely that the London Planning Advisory Commit-

HIGH-SPEED ring road tee's suggestions that only four should be built around the M25 muy be closely followed by Mr tres bisniketed by restrictions.

Not all the M25 countles are setting their face against development, however, and some of the more restrictive ones are surprisingly willing to soften their stance under the right circumstances.

Kent has followed the Government's guidance, which is to spread economic activity eastwards along the M25. It has gone begging for development, But planners over-stepped the mark this year by proposing to relax Green Selt protection on land in Dartford and Cravesbarn they claimed was unworthy of saving.

Mr Ridley said the county

had misinterpreted strategic advice on the M25, and threw out the proposed development schemes, it looked suspiciously like the county was suffering the backlash of political rows west of London, but was reelly the Green Belt would not be sacrificed without exceptional reasons. Kent remains dedicated, however, to exploiting the M25 and Channel Tunnel to attract development, and this is writ large in its proposes review of the county structure

To the north, Essex, is also hungry for more of the devilopment crowding into western sector but is not willing to sacrifice its Green Helt. Planners feel they do not have to when there are still large areas of unprotected variant land north of the Dartford/Iun-

Pressure from developers can hide the fact that most approve of this strict region. It maintains the popularity and, therefore, the buoyancy of the south-east as a whole points out Mr John McGurog of agents Mann Country de. He is more concerned about land outside the beit which should be released. Freeing kree sur-plus Defence Ministryholdings in Hampshire and Surrey would lift pressure on Green

Planners face a demma of putting protection before schemes which cold provide jobs, says Mr Joh Washington, consultant to developers

## Market changes Continued from Page 1

Offord and her been retained as letting agents together with Bernard Thorpe and Patiners which represented PorTel. The Vestry project was the first major prefunded project to be taken on by Otford. However, Otford's managing director, Mr Andrew Davis, feels

be becoming slightly over-He said: "There have been certain tenders where we have projected rents and tightened the yield but still come second

that the south-east market may

by a long way. There is too much bank money flooding in, so we are resorting to the institutional market and taking a slightly lower profit margin.

"I would rather be a little cautious, having lived through the 1970s."

Enterprise zones have also had their part to play in the success of the M25 industrial markets. Gravesend, once reliant on the now collapsed cement and paper making industries, has pulled itself out of the mud by attracting service industries and has also benefited from two enterprise

Springhead Industrial Park is now probably one of the

Since its inception three years ago, nearly 50 units have been built and nearly 250,000 sq ft is occupied. The lates phase includes a 28,750 sq unit which was purpose but for optical company Rode-stock at around £4 per 50 ft

In addition, three unitsof about 5,000 sq ft each hive been let to Dresser UK, Cmbrit and the Carpet Tile Q at approximately £3.35 per a ft.

Only two blocks remain available, one of 27.48 sq ft and the other comprising seven units of 2,000 sq ft eth.
The develope for the project is St Modwe Properties in

ers, Gravsham Council. Healey & Paker and Cobbs Commercialize letting agents. To the yest, Uxbridge is finding a sortage of sites for industrial evelopment. This has mean that the available units at le Sarum Complex, which Far Bedford has been marketin together with Read Commercial, were all sold or under der before completion. The highest price achieved on the 60/00 sq ft complex is

around 90 per sq ft freehold.
Towrds the north east of the sctor, in Essex, Harlow lookeralthough it was going to he le behind in the success stor of the M25. However, the mais landowner in the area, the Commission for the New Toyle, has found that its pol-icylof selling industrial land

he proved most profitable.

The commission has sold 30 ares of industrial land this yar during witich time land lines have almost doubled to early £400,000 an acre. Of these, 18 acres are being

developed to provide 200,000 sq most successful enterprise fit of cold storage and distribu-zones in the country. It ion facilities for Tesco and the Since its inception three remainder has been acquired by RDB Properties and Dainton Properties. Work has started on the three-acre first phase which will provide 60,000 so ft of industrial space. This will be offered freehold from 260 per so ft or for letting at £5 per so ft. Details for the site's remaining seven acres are still

remaining seven acres are still

under discussion. Janice McKenzie

# KNOW ERS&K KNOW PROPERTY

Edward Rushton

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Hunting Gate. But the same problem can arise in town cen-

Canada Life needed to expand its long-established UK headquarters at Potters Bar or move away. After 18 months of talks with the company's advisors Rock Townsend and Drivers' Jones, planners finally sgreet to a new 80,000 aq ft office building. The county plan was amended to suit Canada, Life, which has helped open the door for other inves-

tori, says Rock Townsend.

Nor does it always take redundancy threats for plannes to secept some development in the Oreen Bolt. Herispere planners were directly wolved in setting up the redeelopment of Shenley Park iospital, near Borehamwood, with 900 houses, workshops and community facilities. The council created a brief for the new village, helped by surveyors Weatherall Green & Smith and the Urban and Economic Development Group. It complies with both Government guidelines and Hertfordshire's

When davelopers admit backing Green Belt restrictions and planners promote develop-ment, the bettle for a balanced solution to the problems of the M25 is not completely lost.

David Lewson

Business park rents set for take off WITH THE advent of the new ft and 80,000 sq ft. B! class use, the lines between

traditional light industrial and the new-style business parks have become blurred. However, the rental differences are considerable, with

top quality business park space fetching as much as office Probably the best known

business park development in the M25 area is Stockley Park, at Heathrow. Once a rubbish tip; the area has been transformed and the first letting on the park produced £15 per sq ft, which at the time was the going rate for offices in nearby

Now two years on, the perk has attracted Fujitsu, Tandem Computers, Toshiba and Citi-Corp subsidiary Quitron. Rents now stand at about £20 per sq ft and almost a third of the Lom sq ft plus first phase

has been signed up. The park is now owned by a consortium following Mountleigh's decision to sell its investment, Mountleigh bought Stockley from Stockley Plc and originally arranged the sale of the remainder of the first phase to Phoenix Properties for £100m. However, the deal fell through and the consortium arrangement followed.

The second phase included design and build units for Hasbro Bradley and Apple Computer (UK) and also two

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speculative units of 118,000 sq Letting agents are Jones

Lang Wootton, Grant and Partners and Morgan Grenfell Laurie. Mr Simon Sokell of Grant and Partners has illustrated the blur in the market with the

form of business park around the M25 will become full office buildings.

fast approaching CW per sq ft,

coming of B1. He said: "There is no doubt that with the coming of BI,

"While willing to construct two storey flexible facilities with good quality, first floor offices, leaving the ground floor in shell form, with the advent of B1 we have been speaking to many companies who would have taken space in the town centre, but owing to shortage of parking and nar-

There can be no doubt that

the Stockley Park (where rents are going towards (20 per sq ft)

With rents for offices now more than £25 per sq ft and

one wonders whether the pre

viously industrially-designated

site will attract the same level.

for quality business space in

locations such as Maidenhead.

Staines, Heathrow, Chertsey

There is a pent-up demand

Urban congestion is now encouraging many companies to move out of town

"It is entirely possible that rental leaps of £3, £4 and maybe £5 per sq ft will be achieved very

developers have been placed in

a dilemma. row floors, are now looking to go out of town along the M25

into business parks. "Say, 18 months ago, rentals for top-quality business park space around the M25 were probably in the region of £10 to £12 per sq ft. Now rents are being quoted at around £15 to £16 per sq ft."

and Windsor, according to Mr Sokell

He added: "It is entirely possible that rental leaps of £3, £4 and maybe £5 per sq ft will be achieved very soon in the business space sector."

What is abundantly clear is that companies that thought they were office users who needed to be in town centres. have now clearly had enough of urban congestion. They are finding that staff want a highquality environment, the ability to park and are willing to forego the shopping and other benefits of the town centre for a more rural and environmentally pleasing position.

Standard Life have had a success story with their Croxley Centre at Watford and have

a suite under offer in the latest phase, The Courtyards, even though it is not due for completion until January.

Current tenants include The Santa Cruz Operation, Ferranti, Boeing Computer Services, Hoffman La Roche and Tokyo Electronic Corporation. Formerly the Croxley Script paper mill site, the 90-acre development has room for various buildings and also one parking space per executive

The units range from 1,500 sq ft to 7,700 sq ft and are tyro miles from the M25. Letting agents are Phoenix Beard and Grant & Partners.

Janice McKenzie

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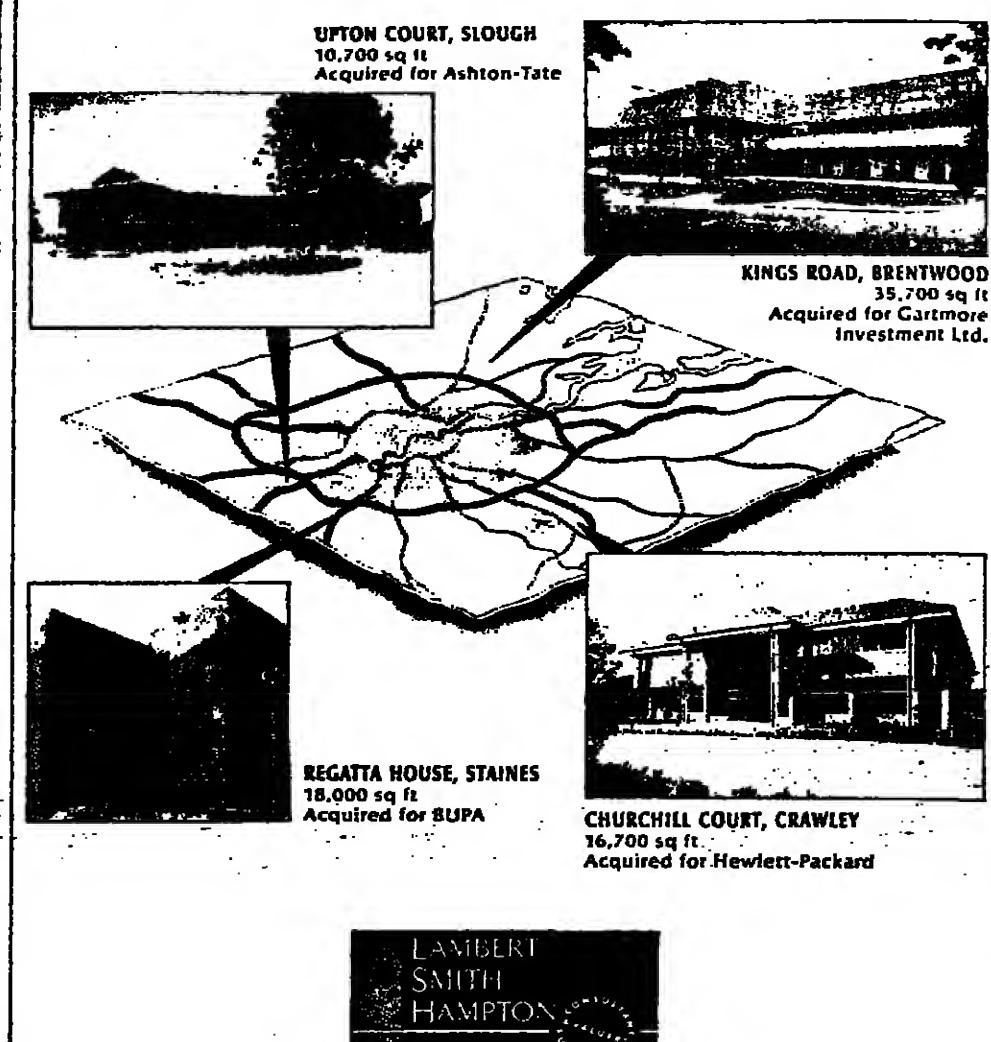
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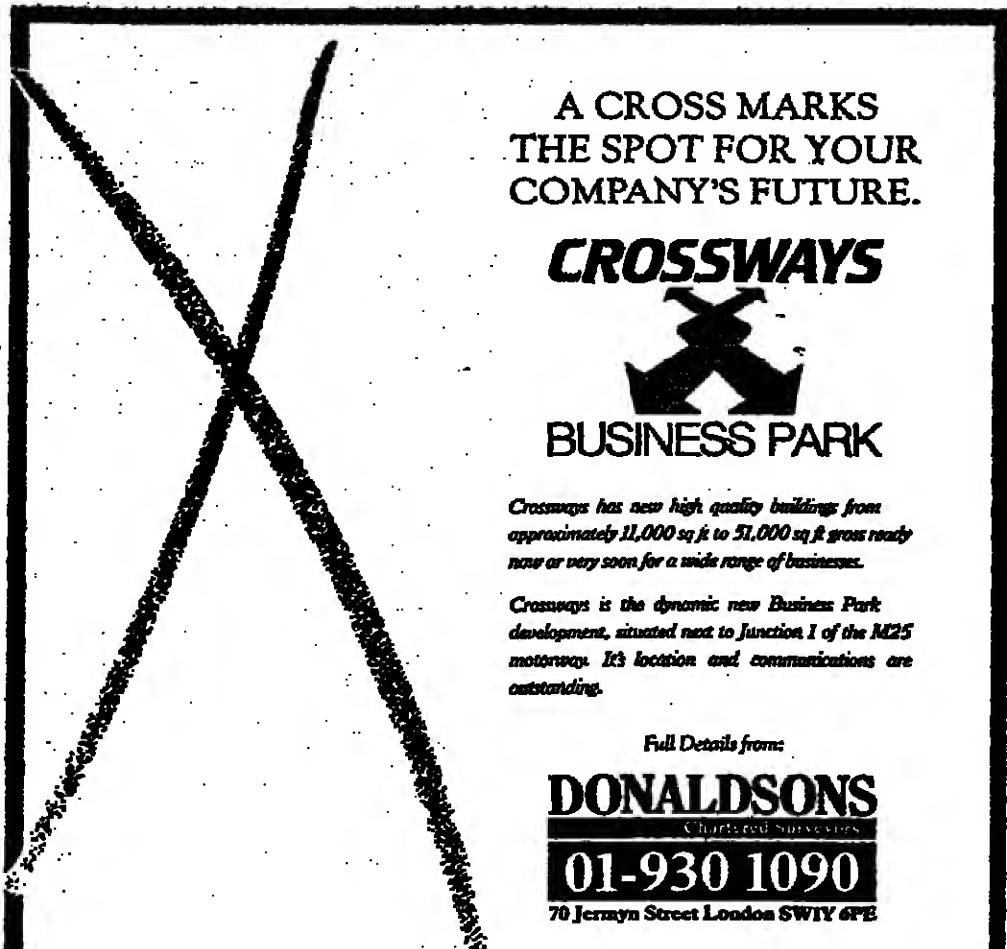
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# **AUTHORISED** Barclays Unicorn Ltd (1000)H Abbrust Management Ltd (1000)H 10 Queen, Terrace, Aberdeen ABR 10.1 G 30 Fainbury Caroni, London & COM 700 3 Exercit Cross Greensh Greensh & focusing Greensh & focusing Greath 6 hr Act ... \$1196 1708 1202 -000 27 Learn Special ... \$1416 1643 19601-36 00 Citicura Unit Trest Managers Ltd (1000)F Utilization Service ... \$1504 137 54146 7:10 00 Agmin 5 Rayleigh Rd. Histon, Breatwood Ever Final Area 5000. \$4129 4163 44 30-063 06 Empires 0277 227300 Dealing 0277 161010 31 075 Greath ... \$16052 60 38 64 65:100 24 Empires 0277 227300 Dealing 0277 161010 31 075 Greath ... \$16052 60 38 64 65:100 24 Empires 0277 227300 Dealing 0277 161010 31 075 Greath ... \$16052 60 38 64 65:100 22 00 Action ... \$16042 60 42 63 60:125 11 26 60 Action ... \$16042 60 42 63 60:125 11 26 60 Action ... \$16042 60 42 63 60:125 11 26 60 Action ... \$16042 60 42 63 60:125 11 26 60 Action ... \$16042 60 42 63 60:125 11 26 60 Action ... \$16042 60 42 63 60:125 11 26 60 Action ... \$16042 60 42 63 60:125 11 26 60 Action ... \$16042 60 42 63 60:125 11 26 60 Action ... \$16042 60 42 63 60:125 11 26 60 Action ... \$16042 60 42 63 60:125 11 26 60 Action ... \$16042 60 42 63 60:125 11 26 60 Action ... \$16042 60 42 63 60:125 11 26 60 Action ... \$16042 60 42 63 60:125 11 26 60 Action ... \$16042 60 42 63 60:125 11 26 60 Action ... \$16042 60 42 63 60:125 11 26 60 Action ... \$16042 60 42 63 60:125 60 Action ... \$16042 60 Acti Far Estano. . . 9217 0 222 24 235 0 44 01 28 Angres . . . 9179 0 196 04 198 0 4 072 02 UK & European ... 9327 0 348 54 370 0 44 543 51 Actual Grass . 5 Grittpur St. Landon E CTA 90E 0:-748 4400 Enterio Contat. 51:-172 T 188 0 200 0 -1 1 91 Enterio Contat. 51:-172 T 188 0 200 0 -1 1 91 Enterio California 51:-174 09 91 33 104 61-2 376 67 Enterio California 51:-174 216 9 230 71 -14 05 التاجزا المنتبة | 13721 3821 4048 | 2281325 | 9-17 Perminous Rd Parasata Rth | 04444.778273475 | 047218 7218 7218 7646 | 251325 | 0417 Perminous Rd Parasata Rth | 04444.778273475 | 047218 7218 7646 | 251325 | 04764 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 | 04744 Allied Dumbar Unit Tets PLC (1600)F Brytmert Unit Tst Mignit Ltd (1400)F Admin: 5 Replese Road, Nation, Brestwood Error Admin: 5 Replese Road, Nation, Brestwood Error Admin: 5 Replese Road, Nation, Brestwood Error Erroring 0277 227300 Destroy 0277 261010 G. & A. Trust (1000)F Admin: 5 Replese Road, Nation, Brestwood Error Erroring 0277 261010 Historic France Sc. Wikitis Control World Wide Oct 21: 51487 3 48 Lego Brytagert Unit Tst Mannt Ltd (1400)F Sort Set This Buckmaster Manguit Ce Ltd (1200)H Ukame Velty ... \$144 5 144 5 152 51-02 1.61 5-11-15 Cc 1 ... \$98 97 1015 107 71-0 711 47 Ukame Velty ... \$107 5 110 3 117 6 -0 212 42 Ure Portion ... 214 49 32 50 86 52 431-0714 15 Burrage Unit Tst Mangert Ltd (0905)F CCL Unit Treats Ltd CI 1007F Arkwright Management (1409)F To more than the state of the second of th EG Arrenda EG Technology EG Erenne LICEOT Gath **CROSSWORD** No. 6,771 Set by DINMUTZ

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Bith Appendan 54, 240.2 241.3 257.31-3.712.21 Fances, Mannes (2). Gictal Convertible Growth & loc (2) Income Plus (2) Charinto/Charistrarett (1000)F 33 King William Street, ECAR 9AS Cricro lec Get 26 2 167 7 167 7 Cricro Acc Oct 26. 2 638.3 638 3 Cytare lec Oct 26. 2 125 2 125 2 Cytare Acc Oct 26. 2 113 0 133 0 3 London WAII Bistos, EC214 584Q 01-628 5181 Amer Smith Copt ... 3 173 7 173 74 283 84-2 20 00 (Accum Units) ... 5 177 4 177 44 187 74-2 20 00 Accum Units) ... 5 201 6 203 9 215 7 -3 3 0 00 Attas Mingo Gwith ... 6 22 22 22 22 22 Dragon Growth ... 6 24 21 24 21 Egwiy High loc ... 5 4 36 65 57 91 Do Atesm . . . . 5 4 58 68 59 17 62 66 - C 12 European Gweb . . . 6 26 26 27 18 28 92 -0.00 General Ecolor . . 5 48 08 49 13 51 85 9 18 GIR & Fed let Gib. 33 84 33 70 15 22 42 57 19 GIR & Fed let Gib. 32 468 24 70 25 92 0 13 8 83 International Inc. ... 6 22.67 22.67 24 12 -0 115.65 Former) American and General Trans.

Japan Growth ...... 6 45 26 45 98 48 91 -0 65 10 00 Robert Fraser Tst Magt Ltd (1600)F

Proper Gwth ..... 6 28 72 29.48 31.36 -0 192.46 29 Albertaile St. London W1 01.49:

Special Sits ........ 6 34 71 36.16 38 47 -0 06/2.10 Growth Tst........ 0 143.1 143.1 252.21 Friends Prevident Unit Trasts (2000)F Commercial Union Tet Mers (1600)K Commonwealth Securities Limited (1290)F Capital Utabl ... . 5 % 2 % 40 195 90 1 White Hart Yard, London Brates SE1 1 4X 01 427 5966 Consument UT \_\_\_ \$124 07 24 11.625 461-03514 50 Cartner House, 16-12 Monarch Street London ECOR BAL UK Grewith Tracks Process (in the) Sold Share ... Intl Serources Jet! Set Doos W wife Richerry .
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Dumenti Seria Gtb ... 54 31.83 44.88 47.74 40 9613.90

Eagle Star Unit Magrs Ltd (1000)H

Bath Road, Chelteshard GL53 7LQ 0242 221311
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UK Balanced Acc .... 5 84 26 85 31 90 51 -0.36 2 69
UK Growth Acc ..... 5 118 6 120.9 128 3 -0.59 2 15
UK High loc Inc. ...... 5 91.31 92.06 98.74 -0.49 4.44
Nth America Acc ..... 5 92.31 92.06 98.74 -0.49 4.44
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UK Gilt & F i htc. .... 5 57.20 57.20 60 13 40.05 8.65
UK Gilt & F i Acc .... 5 66.42 64.42 69.82 40 66 7.45
Inti Spec Sits Acc .... 5 38.87 38.87 41.46 40.08 1.62

3 Putting full stop to Dutch, 5 Eyes up round legs, possibly 6 Belly-ache after half the buns of the country (7)

Timon's four letter word? (9)

Equitable Units Admin Ltd (1600)F

Waston St., Ariesbury, Sucts. HP21 70N 0296 431480

European 414.3 114.9 119.4 +0.519.34 10 Mistral so violent, sailors hoist this (5-4) 13 Standard paving-piece? (9) 15 Like the philosopher he thought he was? (9)

17 The Camptown betting odds over lubricant for rifle (7) 19 England's openers work hard to captivate (7) 21 River for hire has duck removed (5) 22 Lively beer, right? (5)

Solution to Puzzle No.6,771

SPRINGCHICKENS PINAAAOLI HEGEL RISINGSUN Y GA FTVI C 8AYSYOU EPICENE I B N N R CRANE KILOCYCLE N X E A E A LIKEPOLES REPEL A L T RENORFOLK TOMKING Y E S E R A C E AUBRIETIA DROWN

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Private Portfolio 0 262.2 262.2 267 6 +1.2 2.28
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Equity & Law Hee, Corporation St. Coventry 0203 \$53231
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Higher Inc Inc ... 582.35 82.35 86.56 10.778 90
If America Acc ... 54 112.3 112.3 119 5 - 190 5 15
Far East Acc ... 54 199.3 200.8 213.7 - 200 0.03
Employ Acc ... 54 199.3 200.8 213.7 - 200 0.03
Employ Acc ... 54 143.2 143.2 152.4 - 0.23 0.10
General ... 5257.3 257.3 273.8 20 16 3.87
Erit Excell Acc ... 54 40.33 40.33 42.91 40.07 3.25
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Brit Freintlis Inc ... 54 49.42 49.42 52.58 10.27 5.20 Goinness Mahon Unit Tst Mgrs Ltd (1000)F FMS Investment Magnet Ltd (0905)F 31 San Street, Louise EC2 M2QP 0708 45322 MLS Inc Pfolio ...... 278.02 78 02 80.021-013/7.20 MLS Gwth Pfolio .... 273.06 73.06 74.931-8.2111.95 Hambros Bank Unit Tst Mgrs Ltd (1000)H 

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35 Fountain St, Marchester M2 ZAF 061 236-5685
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Lampage 54 47.65 48.30 50.84 0.32
Europesa 54 47.65 48.30 50.84 0.32
Canadian 54 42.35 43.36 45.40 0.1
Anstrabelan 54 42.85 44.08 45.40 0.1
Git 54 49.86 40.86 50.40 0.87
Deposit 54 48.50 49.08 51.66 0.07
Bandar 55 48.50 49.08 51.66 0.07

GUIDE TO UNIT TRUST PRICING

**INITIAL CHARGES** These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units. OFFER PRICE The price at which units may be bosoin. BID PRICE.
The price at which units may be sold.
CANCELLATION PRICE. The maximum spread between the offer and bid prices is determined by a formula laid down

by the government. In practice, unit trust managers quote a much narrower spoud. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation prior in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers. TIME The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: \$\pi\$-0001 to 1100 hours: \$\pi\$-1201 to 1400 hours: \$\pi\$-1201 to midnight.

HISTORIC PRICING The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING

The letter F denotes that prices are set on a forward basis so that impostors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

Other explanatory bules are contained in the last column of the FT that Trust information

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71, Onten Victoria St. London ECAV 40E 01-489 8378
80C Trans Managers Limited
Select Grith Acc. 556.90 56.90 66.85 219
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21 Elusive bar to sea-pilot (at 23 Deceptive talk of lad isolated inside (7) 24 Dialect around Dover, for example (7) 25 Unusual use of the oil-stone of early man (6) 26 Purpose of camping (6) 1 Guy travel for tropical fruit? 2 Copper caught up in nitro explosion - what a distur-RUOCIAAD

**ACROSS** 

measure of spirit (6)

hospital wear (6)

that is calm (7)

movement (10)

rooms (5)

cer (8)

sea) (6-4)

bance! (7)

1 Complaint about double

4 Struggle for doctor in his

8 Indirect effect of wrong move at Twickenham (5-2)

9 A kind of square in location

11 Beginners of anti-Soviet

12 Irishman gets post back (4)

13 Junketing soldier has mush-

14 Is it marked for Bill in Red-

16 Battle suit of Holloway offi-

20 Stretch of Thames that is

car, perhaps? (4-4)

18 Old cold rhubarb (5)

dark blue? (4)

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# FT UNIT TRUST INFORMATION SERVICE

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# CURRENCIES, MONEY AND CAPITAL MARKETS

### FOREIGN EXCHANGES

# Trade figures boost pound

TRADE FIGURES were at the centre of attention yesterday, with the UK, France and the Netherlands releasing data. The news was generally encouraging, with Britain reducing its trade delicit in September, France turning a deficit in August into a surplus in September, and the Netherlands increasing its surplus in August from July.

The UK and French figures came as something of a surprise, but the immediate euphoria in London was quickly tempered by the nature of the improvement and the benefit to the trade balance from erratic items.

Britain's visible trade deficit fell to £1.06bn in September, from £1.81bn in August, and the current account shortfall shrank to £560m from £1.31bm. The market expected the deficit to be no better than in Appress, and feared the visible trade gap could exceed 52bn.

Sterling immediately jumped about 3 pfennigs on the news, to a peak of DM3.1500, but then eased back when analysis showed that erratic items, such as aircraft and precious stones, as well as adjustments as a result of the post strike, played a major part in the improvement

There was however a general reaction of relief to the figures and the pound finished firmer

### £ IN NEW YORK

Oct. 27	Lanest	Pressus Core					
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### **CURRENCY RATES**

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### **CURRENCY MOVEMENTS**

0a.27	Bank of England Index	Margan <sup>an</sup> Gueratar Oranges %
Stering U.S. Dollar Canadian Dollar Accuran Schilling Belg-an Franc Denoche Mark Swis Franc Guider French Franc Lina Yen	76.3 95.0 84.3 136.0 98.8 90.0 145.9 168.0 134.3 69.3 45.4 209.1	-165 -127 -19 +103 -54 -05 +219 +196 +141 -149 -206 +851

### 1982=100. Sant of England Index (Base Average 1975 = 100)\*\*Rates are for Oct. 2b.

OTHE	OTHER CURRENCIES						
0ct_27	2	5					
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# **MONEY MARKETS**

# London rates ease

tance, and a take-up of Trea-

sury bills drained £229m, with

a rise in the note circulation

absorbing £60m. These factors

were offset by Exchequer

transactions adding £165m to

liquidity, and bank balances

In New York the Federal

Reserve added \$2bn of reserves

to the banking system, via cus-

tomer repurchase agreements.

when Federal funds were trad-

In Frankfurt call money

eased to 4.70 p.c. from 4.75 p.c.

in comfortable credit condi-

tions. Banks are well supplied

with liquidity, despite a net

drain of DM1bn by the Bundes-

bank at this week's securities

On Tuesday commercial

bank reserve holdings at the

Bundesbank rose to DM51.9bn.

from DM50.0bn on Monday.

The average for the fist 25 days

of the month was DM54.3bn,

against an average require-

ment for the whole month of

DM53.9bn In Paris call money

was unchanged at 7提 p.c. The

Bank of France left its money

market intervention rate

unchanged on Tuesday, and

yesterday's announcement of a

sharp improvement in the

French trade position last

month, appears to reduce any

immediate need for higher

interest rates to defend the

repurchase agreement tender.

above target of £35m.

ing at 8% n.c.

INTEREST RATES eased on the London money market yesterday, on publication of the September UK trade figures. A lower than expected trade deficit removed the worry of higher UK bank base rates in the immediate future.

Three-month interbank, which had crept up to 12%-12% p.c. earlier this week, and was

UK clearing bank base leading rate from Abgust 25 & 26

121-121 p.c. immediately before release of the trade news, fell back to close at 121 11 p.c.

This underpins the present rate structure, although the market is well aware that base rates will not be cut until the upward pressure on inflation has eased.

Mr Nigel Lawson, Chancellor of the Exchequer, reinforced this point in the House of Commons yesterday. He told Parliament that a firm exchange rate and adequately high interest rates were absolutely essential in getting on top of inflation.

The Bank of England forecast a shortage of day-to-day credit in the London money market of £100m pounds, but did not intervene during the

Bills maturing in official hands, repayment of late assison the day at DM3.1425, compared with DM3.1225 on Wednesday.

Sterling also rose 1.10 cents to \$1.7710, and improved to Y222.75 from Y221.25, and to FFr10.7150 from FFr10.6650, but eased slightly to SFr2.6450 from SFr2.6475 against the strong Swiss franc.

According to the Bank of England, the pound's exchange rate index rose 0.3 to 76.3. The French franc is confined

within the strait jacket of the European Monetary System, and did not have sterling's opportunity to advance. The sharp improvement in the French trade position will help to take pressure off the franc however, and appears to make a realignment of the EMS less likely in the immediate future. The French trade balance moved into surplus of FFr400m in September, from a deficit of FFr9bn in August. The market expected a deficit of FFr3bn to

A widening of the Dutch trade surplus to Fl 800m in

August, from Fl 100m in July, provided support for the guilder, leaving the Dutch currency vying with the D-Mark for top position in the EMS. Another strong European

currency was the Swiss franc, which benefitted from comments by Mr Markus Lusser, President of the Swiss National Bank. He said the Bundesbank's monetary moves this week "go in the direction of a light relaxation", and that this could help the Swiss currency. The dollar was left on the sidelines as the spotlight focused on European curren-

The dollar closed unchanged at DM1.7740. It rose to Y125.75 from Y125.70, but fell to SFr1.4935 from SFr1.5040; and to FFr6.0500 from FFr6.0600. On Bank of England figures, the dollar's index rose to 95.0

High interest rates continued to underpin the Australian dollar. It rose to 82.50 US cents in Sydney, the strongest level

EMS EUROPEAN CURRENCY UNIT RATES						
	Eas cotrai rate	Carrency amounts against Eos Oct.27	% change from central rate	% change adjusted for Greegence	Disenses Imat %	
Belgian Franc. Dacist Krone German G-Mark. French Franc Detich G: Mer Has Part Raigo Lra	42 4582 7 55212 2 05853 6 90433 2 31943 0 768411 1483 56	43 4154 7.98946 2.07091 7.06951 2.35490 0 774567 1543.39	+2.25 +1.75 +0.60 +2.40 +0.67 +0.80 +4.03	+0.86 +0.36 -0.79 +1.01 -0.72 -0.59 +3.20	\$1.5344 \$1.5404 \$1.0761 \$1.3674 \$1.5012 \$1.664 \$4.0752	

Changes are for Ecc., therefore contine change denotes a weak currency

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EURO-CURRENCY INTEREST RATES							
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DM YEN	0.318 4.488	0.563 7.949	14.11	70.89 1000.	3.411 48.11	0.842 11.87	1.127 15.90	743.9 10494	0.678 9.565	20.97 295.1
F Fr. S Fr.	0.933 0.378	1.652 0.670	2.932 1.188	207.8 84.23	10. 4.053	2467	3.305 1.340	2181 883.9	1.988 0.806	61.47
분 뒤, Liea	0.282 0.428	0.500 0.757	0.887 1.344	62.88 95.30	3.026 4.585	0.747 1.131	i 1.515	459 9 1000.	0.60I 1.911	28.1°
C S B Fr.	0.469 1.517	0.831 2.687	1.475 4.769	104.6 338.1	5.031 16.27	1.241 4.014	1.663 5.376	1097 3548	1 3234	30.97 100.

### FINANCIAL FUTURES

# Short sterling advances

December contract were closed

out at the day's peak of 88.16.

But the price then eased back

to close at 88.09, compared

with 87.81 on Wednesday, as

traders also looked at the other

side of the coin and saw no

prospect of any reduction in

UK interest rates in the fore-

There was some suspicion

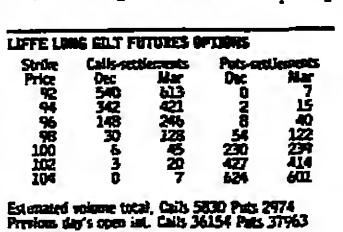
that the rise in long gilt prices

seeable future.

STERLING INTEREST rate and US Treasury bond futures rose on the Liffe market yester-

Short sterling moved up strongly on news of a lower than forecast UK trade deficit in September. This led to a rise of the pound on the foreign exchanges, and relieved fears of an early increase in bank base rates.

Short positions in the



Strike		STORES.		Mentals
Price 160	Nov	Dec	dev	Dec
165	1680 1180	1180	0	72
170	680	450	ž.	13
175	239	319	16	经
180	37	117	363	522
185	2	31	248	436
190	0	Ó	1346	1411

Provious day's open me: Calls 462.951 Pars 432.228 Previous day's volume: Calls 49.193 Pars 15,027

124.55 125.54

High Low Prov 187.40 184.50 185.30 187.30

59-11

97.27 96.56

Right Low Prev. 1.7640 1.7600 1.7516 1.7570 1.7480 1.7388 1.7500 1.7370 1.7270

offer 85

1-mth. 3-mtk. 6-mth. 12-mth. 1,7660 1,7564 1,7441 1,7245

6 smooths US Dallars

10773. 183.08 644

Pro-49-24 47-07

PHILADELPHIA SE L'S OPTIONS EST. 250 (cods per ET)

LONDON (LIFFE)

24-YEAR 9% NETHINAL ERLI 550,000 32nd of 100%

Estimated Volume 29725 (9170) Previous 627's open mt. 32160 (1157)

7-10 YEAR 975 MITMINE CALT CS0,000 32-6 of 100%

Estimated Volume D CD Prerious day's open int. 1261 ED

Estimated Volume 376 (737) Previous day's open sat, 872 (43)

2500,000 paints of 100%

FT-SE 100 DRBEX 525 per full hadas potat

Estimated Volume 2206 (1237) Previous day's open int. 13567 43

Est. Vol., (inc. figs. act shown) 5831 (8542) Previous day's open inc. 32429 (1006)

TRREE MORTH EUROGRLAD

Clar points of 186%

OS TREASURY BONDS 8% \$100,000 32mm of 105%

Estimated Volume 7544 (14025) Previous day's open Set. 14552 (D)

6% NOTIONAL CERNAN COVY, BOND BM 250,000 100ths of 100%

Estimated Volume 4574 (4570) Previous day's open int. 8165 (1925)

POUND-S (FOREIGN EXCRANGE)

MAI-STENLING So per S

Treasury Bills and Bonds

35.35 5.25.5.35 4.28125 11 5.12 74.73 75.74

Three Months

75-74

114 125 8.60-8.55 8.60-8.55 8.75-8.70

FT LONDON INTERBANK FIXING

quoted by the segrict to five reference basis at 11.00 a.m. each working day. The basis are National Westprinster Bank, Bank of Tokyo, Deutsche Bank, Banger National de Paris and Morgan Generally Trest.

**MONEY RATES** 

Two Months

4.75-4.90 8-84

712-74

Case Month

LONDON MONEY RATES

Treasury Bills (sell); one-month 11% per cent; three months 11% per cent; Bank Bills (sell); one-month 11% per cent; three months 11% per cent; Treasury Bills; Average tender rate of discount 11.5736 p.c. ECGO Fixed Rate Starling Export Finance. Make up day Sept.30, 1988. Agreed rates for period October.26, 1988 to November 25, 1988, Scheme I; 13.12 p.c., Schemes II & III: 13.41 p.c. Reference rate for period Sept.1,1988 to Sept.30, 1988, Scheme IV&V; 12.234 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12 from October 1, 1988: Bank Deposit Rates for sums at seven days notice 3.75 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month? Tip per cent; one-tiree months 9 per cent; three-six months 9 per cent; six-nine months 912 per cent; nine-twelve months 912 per cent; three-six months 9 per cent from July,5,1988, Deposits withdrawn for cash 5 per cent.

(11.00 a.m. Oct.27) 3 months US dollars

4,65-4,75

15-13 5.06-5.18 3.90625 103-107-7.00 712-71-

4,70-4.85 74-8

31-31-515-525 4.15625 111-115-71-72-71-73

7 days

**NEW YORK** 

Broker loan rate \_\_\_\_\_\_ Fed.funds \_\_\_\_\_ Fed.funds at intervention ...

Gct. 27

Oct.27

Sterling CDs, Local Authority Deps, ... Local Authority Bonds ... Discount Mikt Deps, .....

Company Deposits
Finance House Deposits
Freasory Bills (Buy)
Bank Bills (Buy)
Floo Trade Bills (Buy)
Dollar CDs
SDR Unked Dep Offer
SDR Linked Dep Offer
ECU Linked Dep Bid
ECU Linked Dep Bid

interbank Offer ... Interbank Bid .....

(Lunchtime)

Prime rate ......

4% HETEROR LANG TEXM LAPANESE COVI.

107.00 105.98

High 91.39 91.52 91.40 91.26

Est. Vol. Circ. Higs. not shown 30576 (17768) Previous day's open inc. 44001 (1232)

LIFFE EUROSOLLAR OFFICES Else points of 180% 

LAMBOR SE SES METATORS E12.500 Aprils per SII Pro-rectionals

Oct. 125

0:00 1.05

1.35 220

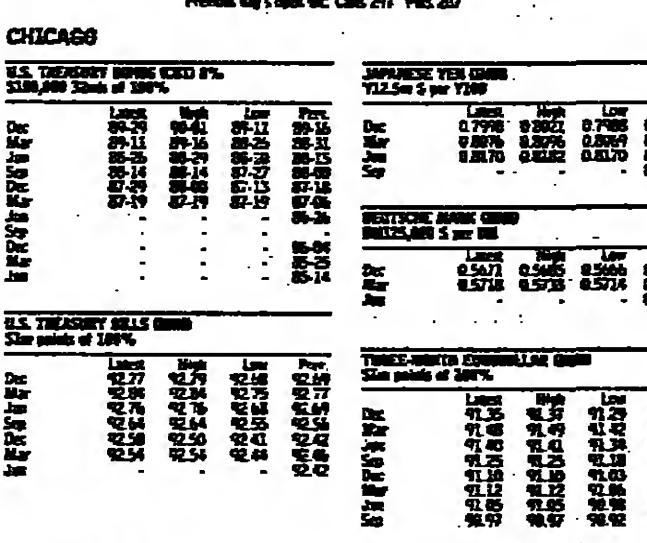
3.40 450

6.85 7.85

11.25 12.00

22.50

17.60 125 155 125 155 125 156 125 156 125 156 125 156 125 156 125 156 MAN SESSION SE Mar 1045 405 405 140 155 140 Estimated volume total, Cally MAR Parts MA Proteins day's open int. Cally 297 Parts 207 CHICAGO



SWISS FRANC FRANC SFe 125,000 \$ per SFe 9 6:37 9 6:38 CHAT

0.5465 8.5666 8.5676 0.5735 0.5714 8.5717 0.5770 Par. 11.15 1 22 10 24 9 27 25

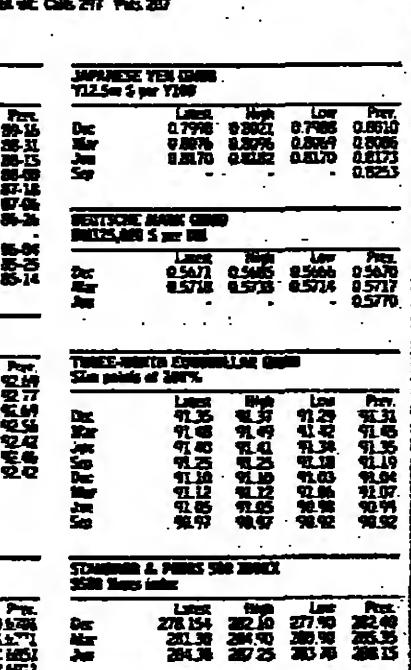
was not firmly based, since it seemed to be partly a reaction. to a firming of US bonds.

GOLD C GOLD P

Dealers said the strength of bonds may have been the result of falling equity prices on Wall Street, and a flight to quality. But in order to be sustained this will require higher yields, which are unlikely against the background of recent US economic data.

LEFE FT-SE BUSEX FOTURES OF FAME

LEFFE SHORT STEPLING



ECE Index C ECE Index P FI 100 Fi 100 OSL ladex C OSL ladex P 170 210 0.80 0.20 2.60 5 448 2 668 307 30 80 ABN C
ABN P
AEGOR C
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AHOLD P
ARZO C
AKZO P
AMEV C
A 150 279 380 A 758 3 5.80 198 260 180 260 180 ELSEVIER P
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GIST-BROC C
GIST-BROC P
HEDREKEN C
HOOGOVERS C
HOOGOVERS C
HOOGOVERS P
KIM C
KIM P
KMP C
EXP P
NEOLLOYD C
MEDILOYD C
MEDILOYD C
MEDILOYD P
PHEIPS C
PHRIPS P
ROYAL DUTCH P
UNILEVER C
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WESSAMEN P 25 259 11 5 170 177 3 189 450 8-64 .C-DX BASE LENDING RATES City Mexicants Bank. ABN Buck Mar & Courses

Operate Back Come Biol East AAS - Albei Arab St. Co-operative Shift Contact & Co Cours Product Bit. Dated Bate 14.5 R Restact & Sons ..... Restacte Creater .... legal Bit of Scattering ... B & C Mexical Back ... Francis & Gen. Back... First Rational Back Pk. Baco Bilbae Watari ... Brief Fast & Plas Bank Defet & Counts .... Heitel Hipshi Back ... Heaty Trest Back Pit ... Conc. Line. Performance Transformation Handris Bank Bester State Sont ... Berchwark Bank PLC... CHORAG. incept problem Banking & Securities おも De a Mal East .... Association. 7 day deposits. Special B.47%. Tay Dep-Si lectual acres 11.76% & Martin.

### FT LAW REPORTS

**科尼尔哈斯** 

ANZ Sanking Group

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# Jersey is not an internationa carriage of goods country

CHLORIDE INDUSTRIAL BATTERIES LTD v THE STATE OF JERSEY TELE-COMMUNICATIONS BOARD Queen's Bench Division: Mr Justice Sheem October 13, 1968

A CONTRACT for the carriage of goods by road from Manchester to Jersey is not a contract of international carriage, in that for purposes of the CMR Convention, Jersey is not a different country from the

Mr Justice Sheen so held on a preliminary issue in an action by Chioride Industrial Batteries Ltd and the State of Jersey Telecommunications Board against F & W Freight

The question was whether the CMR Convention as enacted into English law by the Carriage of Goods by Road Act 1965, applied to carriage from Manchester in England to Jersey.

HIS LORDSHIP said that the claim arose out of a contract made in November 1985 whereby F&W Freight agreed to carry a consignment of batteries by road from Chloride Industrial in Manchester to the Telecommunications Board in

Section 1 of the Carriage of Goods by Road Act 1965 gave force of law in the UK to the CMR Convention. The Convention was signed on May 19, 1956 by nine European states which recognised the desirability of standardising the conditions governing the contract for international carriage of goods by road.

Article 1 of the Convention provided that it should apply to every contract for carriage of goods by road when the place of taking up the goods and the place for delivery were. situated in "two different countries, of which at least one is a contracting country". It followed that the Conven-

tion applied to the contract of carriage on which the present action was founded only if Chloride's premises in Manchester and the Telecommunication Board's premises in Jersey were in different "countries" within article 1. F & W Freight put in affidavit evidence that the Channel

Islands were part of the Duchy

of Normandy before the Norman conquest, but remained in allegiance to the King of England when Normandy was lost in 1204. When later the ducal title was surrendered the-King of England continued to rule the Islands as though he were Duke of Normandy. Even today the Islands' link was through the sovereign as latter-day successor to the Dukes of Normandy.

On the evidence the constitutional relationship between the UK and Jersey was that the Crown, acting through the Privy Council, had ultimate responsibility for good government of the Island. Jersey was not a sovereign state and the UK was responsible for its international and external relations. Its privileges and liberties related to fiscal and

domestic matters and no more. Mr Meeson for the plaintiffs submitted that Jersey was not part of the UK. He relied on the fact that in the past parliament had treated Jersey as a country. Section 1(4) of the Evidence (Foreign, Dominion and Colonial documents) Act 1933 provided that for the purposes of that section "country"

meant "any of the Channel Islands". Mr Leggatt for the defendant submitted that the 1933 Act was of no assistance to the court when interpreting the Convention. In Stag Line [1932] AC 328 Lord Macmillan said that rules which would come under the consideration of foreign courts "should not be rigidly controlled by domestic precedents . . . but . . should be construed on broad

The court's task was to interpret "country" in its context in article I of the Convention. The word occurred twice in the first paragraph and must be given the same meaning on both occasions.

principles of general accepta-

On the second occasion it was used in the phrase "a contracting country.

Mr Leggatt submitted that its use in that context showed it could only mean a "state", as that term was used internationally, which had power to enter into a Convention. Its most important characteristic was its capacity to make treaties or enter into negotiations with another country or state.

petent to enter into an international contract or Convention on its own behalf. That was apparent from section 9 of the 1965 Act which provided that it might be extended by Order in Council to any of the Channel

Mr Meeson argued that as a matter of logic Jersey must be a different country from the UK for the purposes of the Convention, because the Convention applied in the UK and did not apply in Jersey. If a contract was from the UK to Turkey the Convention would apply, but if it was from Jersey. to Turkey it would not apply. because the Convention did

not apply to Jersey. If one asked "How would the Convention become applicable to Jersey?", the answer was. "by Order in Council directing that the 1965 Act should extend

to Jersey". That demousts that Jersey was part of a... tracting country. For the purposes of the vention Jersey was not a d ent country from the UK. the contract of carriage not in respect of internati

For the plaintiffs: Nigel son (Hill Dickinson & Co. L. pool) For F & W Freight Ge Leggatt (Chyde & Co) Rachel Da

CORRECTION: In Brucino Trinity Estates, Finan Times October 26, junior o sel for Mr Bradman was A Lewis not Andrew Lewis

### CHANNEL ISLANDS

The Financial Times proposes to publish this Survey on the above on

### THURSDAY 15TH DECEMBER 198

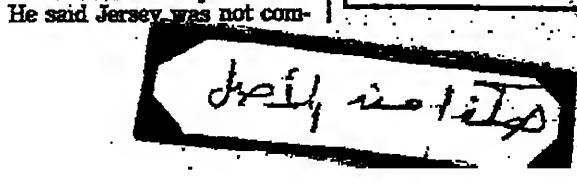
Topics proposed for discussion include: **OVERVIEW** INFRASTRUCTUE FINANCE INDUSTRY HARBOUR DEVELOPMENT IMMIGRATION TRAININ INVESTOR PROTECTION & TECHNOLOC INSURANCE HORTICULTUF PENSIONS SMALLER ISLANI STOCKBROKING CONSERVATION & TE PROPERTY **ENVIRONMEN** POSTAL & TELECOMMUNICATIONS GOVERNMENT

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FINANCIAL TIMES



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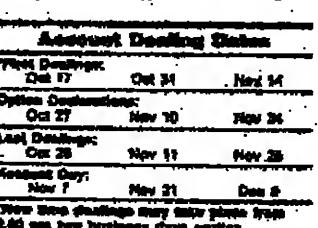
FINANCIAL TIMES STOCK INDICES

# Equities see-saw after trade figures

The tension that has gripped the London equity market for the past few days evaporated within seconds yesterday with the announcement of better than expected September trade figures, only to return later in the day as Wall Street fell sharply in early trading.
Reports from the US suggested that First Boston, the securities house, had "pulled" a major junk-bond issue and that Drage! Burnham Lambert had carried out a substantial "sell" programme. Wali

Turnover in London equities kept pace with events and came out at \$93,5m shares.

Street promptly plunged more



comfortably above the Racal Telecoms debut-boosted 481.3m of Wadnesday and well ahead of Tuesday's 375.3m. The FT-SE 100-share index sec-sawed throughout the day, swinging in a 20 point are before eventually closing a not 1.4 up at

The equity market opened

on a neutral note, but moved progressively lower prior to the release of the trade figures when the FT-SE was displaying 2.5.5 fall.

The September trade deficit had been widely expected to come out around the £1.2bn to 11.4bb, but there were some doom-laden forecasts that it could have been as bad as 22bu. In the event, the £560m deficit came as a major, but pleasant, surprise to the market which immediately spurted higher, mainly as a result of marketmakers pushing up prices higher after being caught short of stock

Earlier fears that a markedly

worse outcome than in August

sterling registering gains against leading currencies - it jumped some 2 cents against the dollar and 3 prennigs against the D-mark at one

could trigger a further rise in

interest rates diminished with

the market continued for a couple of hours and lifted the FT-SE index by 14 points at best before the Wall Street retreat led to a serious re-think in London by the market, Commenting on the trade

figures, Mr. John Reynolds, economist at Prudential-Bache, said: "Although the numbers are at first sight very encouraging, they are in large part

port of 12 per cent as a peak for base rates has certainly increased, but the chances of varly reductions are quite slim, until inflation is squeezed out

were exactly in line with market expectations "bang in line" and produced keen two-way interest leading to turnover of some 4.5m. The accolade of the biggest turnover stock - 37m shares - went to Lonrho where Australian Alan Bond revealed he had taken his stake up to 20 per cent. Action in Racal Telecoms was reduced but still healthy with 15m stares traded.

placed a line of 5m shares late in the day and said the stock had been easily absorbed by institutional buyers.

Bejam rose 33 to 204%p on good turnover after news of the £253m bid from Iceland Prozem Foods, which fall 10 to 833p. Dealers said the hostile bid might inspire a battle and have to increase its offer. Sainsbury improved 4% to

Positive assessments on Wolseley after the annual figures encouraged fresh support of the shares, up 6 further at 265p. Mr Robert Donald of County NatWest WoodMac believes Wolseley "is stuffed full of potential and when the expected economic bad news (US and UK) hits the fan then one should buy heavily. A super stock for the next decade." A similar view is taken by analysts at Citicorp Scrimgeour Vickers: "If investors are prepared to look through (the slow-down) then the shares are fundamentally

Cannon St Investments remained in vogue; rising 13 further to 290p, still on the proposal to float Betacom, while Pilkington rebounded 51/4 to 227%p as bid speculation revived. Avdel rose 4 to 81p. after 84p, following the cash offer from stakeholder Banner Industries. Other good features included British Syphon, up 18 at 154p, and Brown & Tawse,

good long-term value," they

Suter made a forward move to 237p while Thomson T-Line, which yesterday confirmed reports that it was holding talks with Suter, recovered 2 to

Lesiure issues featured good

10 better at 203p.

(28/11/47) 152.7 (22/9) of the system". ICI's third quarter profits Ong, DI, Yield Earning Yld Mittell) 11.76 11.53 10.37 10.37 10.47 P.E Ratio(Net)(12)

SEAC Bargama(5pm) Equity Turnover(Em)? 26,291 1120.80 Equity Bergainst Shares Traded (mi)t 25,500 414.9

Bestis 100 Govt. Secs 15/10/25, Fixed Int. 1928, Ordinary 1/7/35; Gold Mines 12/9/55, SE Activity 1974, Mill 10.35 (Excluding intra-market

(18/7/87) (26/6/40) (15/2/83) (26/10/71) . S.E. ACTIVITY Oct. 25 Oct. 25 GHt Edged Bargains Equity Bargains 155.1 153.8 Equity Value 2013.2 1886.7 5-Day average

(9/1/35)

1926.2

London Report and latest

Gilt Edged Bargains

# **Bond lifts** Lonrho stake

owner of 20 per cent of Lourho, the diversified UK trading conglomerate. The Australian group headed by Mr Alan Bond raided the market yesterday and, after the Seag screens had revealed a series of major purchases, was later required to disclose the increased stake. Most traders thought incorrectly that Mr Bond was prevented from buying more shares until today.

un and

-2. P.p.

IG RATES

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A statement said 24m Lonrho shares had been purchased, but the market was not entirely convinced that Bond was the only large buyer. One marketmaker, speculating on reports that Mr Asher Edelman, the US arbitrageur, was assembling another stakesaid: "I believe he has re-invested the profits from the previous deal and it would not surprise me if he was sitting on a holding of 3 per cent. Analysts remained unclear on Mr Bond's intentions towards Lonrho, which was unavailable for

comment yesterday. At the peak of the business yesterday shares of Lonrho touched 382p, but they softened following the statement on the Bond holding to close 3 down on balance at 375 Ap. Volume amounted to 37m shares.

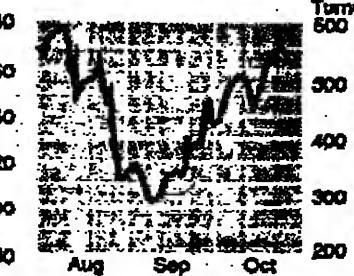
### NEI active

Northern Engineering Industries (NEI) shrugged off worries about the impact of the Government's electricity privatisation on-its gas turbine business. The shares fell only 2 to 103 %p in heavy turnover-unid rumours that a meior line of stock had been accumulated by a single broker.

After early selling via the inter-dealor broker screens, a buyer appeared for the shares at the 102%p level and demand was described by dealers as very solid. NEI recently completed a joint venture agreement with Mitsubishi of Japan and there was speculation yes-terday that Mitsubishi might be taking a goodwill stake. Since the announcement of the joint venture, turnover in NEI shares has increased sharply. Dealers said stories of predators taking an interest in NEI

were less likely. One broker was said to have bought nearly 10m shares, representing just under 5 per cent of NEI's equity, although a spokesman for the broker concerned said it was more likely that 10m shares had simply been traded and added that it had not noticed a single buyer taking NEI stock. A spokesman

FT-A All-Share Index **Equity Shares Traded** furnover by volume (million)



for NEI said the company was unaware of any unusual activ-

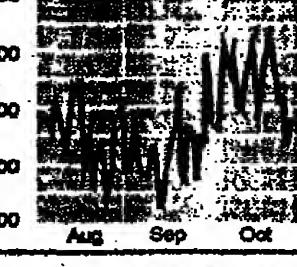
### Lowndes disputed

The dispute between City analysts over earnings and dispossis prospects at diversified stores group Lowndes Queensway intensified yesterday with the news that County NatWest WoodMac had reduced its 1989/30 profits lopecast for Lowndes from 125m to £15m. This compares with the £26.5m forecast from Hours Govett, which had a major presentation with the company on Wednesday. Lowndes closed 1% down at 77%p.

mates is due to a fundamental difference of opinion over how much Lowndes will receive from the sale of toy store Hamleys and discount retail chain Poundstretcher. County believes Lowndes will be lucky to get £75m for the two. whereas Hoare is going for 230m from Hamleys and 280m

thinks Hamleys is worth "very little" on pure numbers, and believes that no one is likely to out-bid the £50m buy-out said to have been arranged by the current Poundstretcher management. He siso believes Lowndes' tracking prospects. will be hit by the clowdown in ... for the year of 480p. consumer spending, particularly on furniture and carpets, Mr Andrew Hughes at Hoare

Govett disagrees and is sticking to his forecast of £90m from the two disposals. As for the effect of falling consumer spending on the group's trad-ing position, he is dismissive of 400



County's thinking. "The ratio-

The gap between the asti-

from Poundstretcher.

Mr John Richards at County

nale behind the original Lowndas hid for Harris Queensway was that price and customer purchasing power was less important than improving marketing, product and deliv-A continuing reappraisal of

UK tobacco groups following the huge deals, proposed and actual, involving the two US majors aroused strong support for both BAT Industries and Rothmans International Marketmakers used the term "quality investment" to describe the buying of BAT, up 6 at 478p, but were less certain over the use of the adjective for Rothmans. One trader said, "I've heard

the stories so many times that either one of the two main shareholders. Rembrandt and Phillip Morris, will bid for the group. The Phillip Morris offer for Kraft is fuelling speculation that it could sell its stake to Rembrandt, which has the right of first refusal, but until it happens I remain sceptical." An above-average trade was again recorded in Rothmans

intra-market activity which suggested that marketmakers were still endeavouring to rectify book positions after being out the previous day. At the close. Rothmans shares were 16 higher at 475p, after a peak international stocks rode the better-than-expected UK trade figures with ease. falling slightly on pre-announcement

selling, but recovering strongly

thereafter. Wall Street's patent

yesterday, partly reflecting

nervousness proved harder to the leaders ended the day with

**NEW HIGHS AND LOWS FOR 1988** 

ARTHUR (SS).

SETTIGH FUNDS (S) Trees. Big pc 1804, Trees.

51 pc 105-12, Trees. 2pc jl, '80, Trees. 2pc
R. \*22, BANKS (S) CTign. Hok., Deutsche
Bk., T28 Chennel Islands. SREENERS (T)

Macellan-Glanifret, BUILDINGS (Z) Eve
Grp., Wasts Blake, CHEDSCALS (S) Akto.

BASF. Chemosy inti., Hoachst, Schering,

STORES (T) DAKS Simpson 'A',

ELECTRICALS (Q Migrales Grp., Scheles,
Tale Recepts, Thermal Scientific,

ENGENEERSIG (E) Asias Conv. Equ., Hell
Eng., Hampeon S.Spc Net Pf. '81-'83, Header

Siddelay, 600 Grp., Thresen. FOCOS (4)

Azzeo. Br. Foco, Sejam, Evenal Focos,

Normens Grp., HOTELS (1) Jurys Hotel,

BOUSTEIALS (12) ASD, Avdal, Bodycote
(nti., Srk. Byphon, Brown & Tower, C'bell
S. Armstrag , Ekiers DL., Johnson Chanses,

Kersher (A.), Macleriane, Marring Inds.,

Shanks & MicEwen, HENERANCE (1) Allere.

2.5351962 (1) Avenes. MENERANCE (1) Allere.

(2) Semrace, More O'Fert., PROPERTY
(2) Prop. Sec. Inv., Trafford Park, Tributs
(8) American Trust '8', Cons. Assate Writte.,
Eng. & Int., Writte., German Smell Inv.,
(Stangow Inc. Tet., Murray Venture Writte.,
Parithas French Inv., TR City of Los. Dri.,
Osts (1) Paic Oil, PLANTATIONS (1)
Angle-Resi Plane., Maiss (2) Emperor
Mines, Pan Augis, Mong.

ARTH LOSES (27),
AMERICARS (1) Texas Instr., CANADIANS
(8) Echo Say Mines, Geodome Res., Sonors
Gold, BANGS (2) Mines, Geodome Res., Sonors
Gold, BANGS (2) Mines, Geodome Res., Sonors
Gold, BANGS (2) Mines, Geodome Res., Sonors
GULDENGS (1) Equal Grp., ELECTRICALS
(2) NEC Corp., TOK Corp., POCOS (1) Barker
& Dobeon, Mines Grp., Lawtes, Pentisos,
TRUSTS (3) Liberty Alf-Ster, Berteley Gover
& Co., Siam Fund, ONLS (3) Caspen CU.
Sundpiper Ott, Mines (8) Corp., Modifies,
Dute Grp., Independent Res. Lici.,
Angio-Consinion, Ennex Inti., Kenmare
Res., THORD MARKET (1) Sonic Taps.

much to show, ICI reported third-quarter figures bang in line with expectations at 2347m, making £1,130m nine months. Despite several analysts rating the stock as cheap on fundamentals it ended the day 4 lower at 1054p. after 1063p, Turnover expanded to 4.5m shares,

BOC rose 6 to 428p on the back of the ICI figures, while some second-line companies also benefited. Other leading issues ended around their opening levels.

Among insurers the Lifes were easier ahead of today's re-listing of Abboy Life. Composites never really recovered from selling before the trade figures. Commercial Union closed 5 lower at 334p and Royal Insurance 1% easier at

Brewery stocks were distinctly mixed. Grand Metropolitan, which recently bid for the US food group Pillsbury, ran shead to 455p in turnover of 7.7m amid rumours that an agreement may have been reached between the two sides. The rumour began when Pillsbury shares were reported to have fallen in the US, but snalysts and dealers were unable to substantiate the story. Grand Metropolitan was remaining tight-lipped.

The two contestants in the struggle to gain control of Ruberold extended their offers yesterday, awaiting a decision on whether or not the Tarmac bid would be referred to Monopolies & Mergers Commission. Ruberold shares made only slight headway to 266p while those of Tarmac rose 6% to 246p. Raine, the original bidder, improved to 91p.

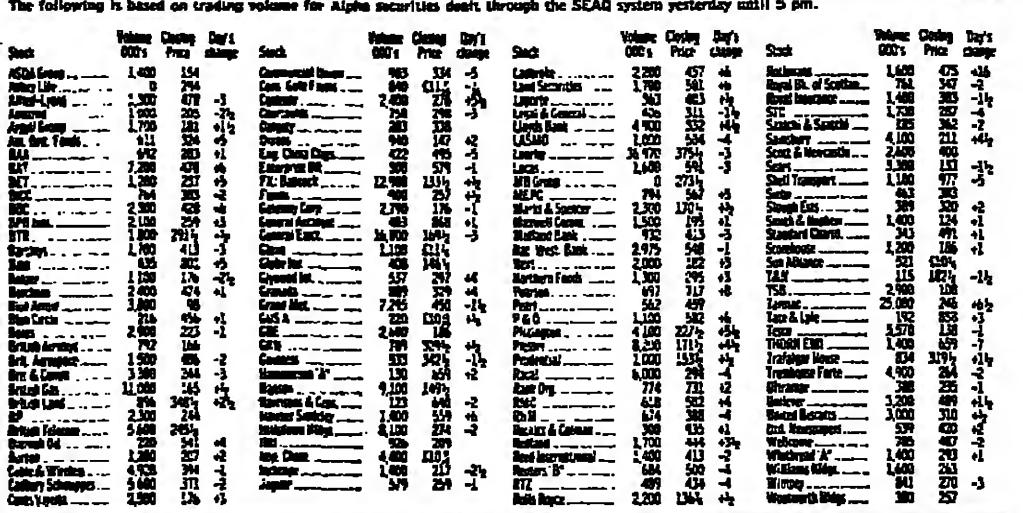
Redland's mid-term resuits. although 32 per cent higher than last year, proved marginally dispappointing to some of the more optimistic forecasters. However, a confident stateremainder of the year boosted ment on prospects for the sentiment and the shares moved ahead to close 3½ up at

Leading electrical issues were dominted by GEC. down 3 to 169 %p in heavy turnover of 16m shares after press comment on prospects for coalfired power stations. Racal fell 4 to 294p, while RTG shares launched on Wednesday ended a penny off at 175%p in turnover of 15m.

STC ran into small profit-taking and fell 4 to 287p, while Plessey ran 4% ahead to 171%p in turnover of 8.2m shares. Engineering issues featured Hawker Siddeley, 6 better at 559p in turnover of 1.4m with dealers reporting some short positions in the market. 600 Group was boosted by an aggressive buyer and rose 8 to

121p.
Heavy business was reported in FKI Babcock, slightly better at 133%p. Of the day's 18m turnover, Smith New Court

### TRADING VOLUME IN MAJOR STOCKS



performances from Ladbroke, 6 better at 457p and Brent Walker which gained 9 to close

at 3720. Property stocks were strong as the trade figures took the pressure off interest rates. Leaders Land Securities closed 8 better at 581p after 585p, and MEPC ended 5 higher at 567p after 571p. London & Edinburgh Trust were unchanged on 136p on news that the company had bought in 750,000 of its own shares at 135p.

National Home Loans responded to splendid annual figures, profits were more than double the previous year, and

ended 8 dearer at 123p. The oil and gas market endured another session of relatively low levels of turnover with the notable exception of

British Gas: the latter moved

narrowly between 166p and 154%p before closing a shade firmer at 165p Three stocks made their

debut in the market. The most

successful was Jeyes Group formally a Cadbury subsidiary until a management buy-out three years ago - which opened at 158p bid and ended at 165p, a 25p premium on the placement price of 140p. There was said to be big instutional The other two debutants

were Essex-based motor distributor SMAC, which were placed at 93p, opened at 98p and ended at 96p, and fire insulation and protection group Chieftain which enjoyed a "firm, but unexciting" day after opening at 99p and closing at 102p, a 10p premium on the placement price.

contracts on the back of unusually big business in the FT-SE 100 contract and continuing market chat about bid and reorganisation moves. Calls came to 30,000 exactly on a preliminary measure, and puts to 15,867. Index dealings totalled 10,942, consisting of 4,157 calls and 6,785 puts.Open interest in the index calls rose on an early count by 406 contracts to 30,373, and that in the puts by 773 to 39,890, as movements between positions saw a loss of open interest in the October 1850 calls and a gain in the corresponding puts.

Traded options dealings

reached the high level of 45.867

Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 26



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London, Hotel Inter-Continental 7 & 8 November, 1988

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Dr Stephan Pascall Commission of the **European Communities** 

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# APPOINTMENTS

# Research and technology director of ICI

IN IMPERIAL CHEMICAL INDUSTRIES has appointed Dr Peter Doyle as an executive director from January 1. He is technical director and UK deputy chairman of ICI Pharmaceuticals, Dr. Doyle will succeed Sir Charles Reece on February 1 as group research and technology director. Sir Charles, who has been an ICI director since 1979, is retiring at the end of January.

1971500

DRUM (dealing room unit management), part of the Dukes Group, has appointed Mr George Forrest as managing director.

**Mr Christopher Wyke has** joined BANKERS TRUST MANAGEMENT as a director and head of fixed income. He was with Rothschild Asset Management where he managed international fixed income funds.

■ CLARKSON WOLFF has appointed Mr Phillippe van den Abeele and Mr Ian Bland as additional directors.

Mr Malcolm Wesley has been appointed general manager, Canada, for BRITISH GAS from November 1.

Mr John Birrane has been appointed managing director of DUNLOE HOUSE GROUP. He is the son of the late Mr M.S. Ricrane who was responsible for the acquisition of a major shareholding in the Dunloe Group in 1981 by Western International Trust. That changed the emphasis of the company's activities from clothing manufacture to the property sector. John Birrane has spent the last vine years working in the property business.

Mr David Dale has joined THE COMMUNICATION GROUP as a director. He was a director of Charles Barker (City).

Mr Robert H. Balley has been appointed financial director of BRITANNIA FIRE. He was chief executive of a subsidiary of Ellis and Goldstein.

E LEGAL & TRADE .. FINANCIAL SERVICES has appointed Mr Paul Anglow as group financial director. He was group financial director with Messenger Newspaper Group. Mr William J. Wilson becomes company secretary and compliance officer. He was group

accountant. E DPP (HOLDINGS) has appointed as non-executive chairman Mr Eric Lipscombe, managing director of Teredata Europe.

m Dr Joe Klener is to become executive vice president of CHRYSALIS GROUP, a music, recording and records company. He joins from Adidas USA, where he was president and chief executive officer. E COLONIAL MUTUAL

GROUP has appointed Mr

of tied agency manager, to

George Shuker to the new post

recruit and co-ordinate tied agents. He joins from UCB. where he was national sales manager for the bank's morigage arm. Mr Alastair Paterson, senior pertner of Bullen & Partners, has become president of the INSTITUTION OF CIVIL

ENGINEERS. **Mr** Gordon Bayley, non-executive chairman of the Swiss Reinsurance Company (UK), has been appointed by the Department of Trade and Industry to the steering board of Companies House executive szency. The doord will advise

DTI Ministers on strategic -

priorities for the new agency.

Mr Desmond Nichols has been appointed deputy managing director of the DAILY MAIL. He was marketing and promotions director, Mr Peter Chadwick, executive director, has resigned.

M Sir Arthur Norman will be retiring from the board of KLEINWORT BENSON GROUP on November 1, when Mr George Turnbull, chairman and chief executive of Inchcape, will join the board as a non-executive director.



Mr David Dey joins the board of BRITISH TELECOM on November 1. Mr Dey, who joined the company in January after a career with IBM and Pleasey, was recently appointed managing director of BT's newly-formed communications systems division, ties of British Telecom Enterprises and International Producis Division.

# Mr Richard P. Farr has been appointed chief executive, and Mr Michael D. Ewing becomes finance director of NEW CAVENDISH ESTATES. Mr Farr was an associate director of Greycoat Group, and Mr Ewing was finance director of Waterglade International Holdings. Mr John Everitt, managing director of New Cavendish Estates, is to resign, but will continue to provide

consultancy.

# LONDON SHARE SERVICE

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### COMMODITIES AND AGRICULTURE

# De Beers sharply reduces rough diamond supplies

By Andrew Whitley in Jerusalem

THE CENTRAL Selling Organisation, the De Beers subsidiary which controls a large share of the world market for uncut diamonds, is significantly reducing its supply of roughs to cutting and polishing centres this month.

The move has been generally welcomed in Israel, the leading manufacturing centre, as a likely boost to the price of finished goods.

Prices, particularly of larger stones, have been depressed lately in the two most important Western markets the US and Japan. Israeli diamond manufacturers and dealers said yesterday they expected their allocation from next week's "sight" - a purchasing round of packages of rough diamonds - at the CSO's London headquarters to be down by about a third.

The worldwide value of the sight was estimated by one dealer at between \$350m and

"What we can foresee is that for one or two months there will be a shortage of supply of roughs," said Mr Moshe Schnitzer, president of the Tel Aviv Diamond Exchange. "But this should push up the price of polished goods, benefitting the world industry." Another diamond expert said, admiringly, "It's a reflection, once again, of the CSO's ability to gear supply to demand."

After two price rises imposed by the CSO this year, cutters in several centres around the world, including Israel, have encountered losses lately because of their inability to pass on the increases to their customers. To maintain turnover and cash flow, several have been compelled to sell at below their cost price.

The current downturn has taken little sparkle of what was already certain to be another record-breaking year

for the Israeli diamond industry. Exports of cut stones are forecast to reach \$2.6bn in 1988, up from last year's record of \$2.05bn. De Beers' share in Israel's imports has, meanwhile, risen substantially over the past 12 months: from a third to nearly 45 per cent. In 1987, industry analysts calculate that the CSO sold Israel \$532m worth of roughs, out of net imports of \$1.62bn; whereas, for this year, the comparable figures are \$800m

out of \$1.8bn to \$1.9bn. The darkest cloud on the horizon comes from the prospect of the demise of Emperor Hirohito of Japan, who has been critically ill for

Such an event, one Israeli diamond man said yesterday, would plunge the country into a year of mourning, cancelling weddings and thus sharply reducing the demand for diamond jewellery.

# Soviet metal flood 'unlikely'

By Kenneth Gooding, Mining Correspondent

CONCERN THAT the Soviet Union might compensate for current low world oil prices by boosting exports of high-value metals such as nickel and gold so far seems groundless, according to western traders and analysts.

Traders remember clearly that in 1985, when demand for nickel rose sharply, the Soviet Union swamped the market with metal, driving the London Metal Exchange's three-month price down from about £5,000 a tonne in the first quarter to £2,700 a tonne by the end of the

Last year, when nickel demand reached unprecedented levels, the Soviet Union is estimated to have increased exports to the non-communist world by about 35,000 tonnes to between 50,000 and 60,000

However, Mr Ian McDougall. executive vice president of Inco, the world's biggest nickel producer, says that Soviet officials recently told Inco executives that an increase in nickel exports to the west was "unlikely."

Mr McDougall suggested that the Soviet Union needed the nickel for its domestic industries.

Nickel traders have recently noticed an increase in Soviet shipments to Rotterdam but Mr John Harris, an analyst with Rudolf Wolff, the London metal trader, believes this is almost certainly in anticipation of a harsh winter.

He suggests that during 1988 shipments of nickel from the Soviet Union will probably be maintained at the increased level of last year, roughly 4,000 tonnes a month on average. On gold, Mr Harris says: "So

far there is no evidence in the market of increased Soviet sales. Moreover, as long as market conditions remain vulnerable, we think the Soviets will maintain a lower gold-

His organisation estimates that the Soviet Union, China and North Korea sold about 7m troy ounces (218 tonnes) of gold during 1987 and that this year's total will be between 7m and

Other analysts, including the Christian, Podleska & van Mussenchenbroek consultancy group, have estimated that the three countries sold about 10m ounces of gold last year. Mr Jeffrey Christian of CPM's New York office suggests that sales by the centrally-planned economies are likely this year to be about 8m ounces.

He points out that a complex matrix of factors appears to be considered by the Soviet Union when it is determining its gold sales policies - including foreign exchange requirements, import financing requirements, projected oil revenue and other export earnings as well as credit terms available to the Soviet Union in the international market.

# EC plans more marketing aid for nuts

By David Buchan in Brussels

THE EUROPEAN Commission yesterday proposed increased aid to improve the marketing of EC nuts, as its answer to repeated requests by southern European nut growing categories now goes to induscountries for greater protection against imports, chiefly from the US and Turkey.

The proposed measures concern almonds, hazelnuts and common walnuts grown by European Community farmers, whose share of the European

market has fallen to 70, 50 and 75 per cent, respectively, because of higher quality imports. Some 80 per cent of EC production in these

The Commission acknowledged that the US was now a substantial exporter to the Community of almonds and walnuts, while Turkey now accounted for 95 per cent of EC hazelnut imports.

COCOA E/tonne

It argued, however, the right response was not to increase existing import duties, but to improve nut-marketing organisations which could put a more regular flow of higher quality products onto the EC

The new measures Brussels is proposing would increase aid to the almond, hazel and walnut sectors to Ecu 25.4m (£16.7m) in 1990, rising to Ecu 68.5m in 1994.

## UK milk boards face imports challenge

By Bridget Bloom, Agriculture Correspondent

FOR THE first time in 40 years, fresh milk will be legally importable in bulk into Britain next month, a move which many believe could undermine the monopoly enjoyed by the Milk Marketing Boards. The Ministry of Agriculture

announced this week that it has introduced regulations allowing the import of pasteurised milk from other EC countries from November 16.

The regulations have been introduced to comply with a judgment of the European Court requiring Britain to join other member states in allowing free trade in milk by Janu-

While the precise impact of the new regulations may not be clear for some months, their importance lies principally in the potential challenge to the milk boards' monopoly of marketing milk produced by the UK's 33,500 dairy farmers.

The marketing boards, together with the Dairy Trades Federation, fix prices at which milk and milk products like butter and cream are traded. It is thought that the more flexible pricing arrangements in Germany, France, the Benelux countries and particularly the Irish Republic, could enable milk suppliers there to undercut MMB prices to Britain's dairy companies and supermar-

ket chains. Some observers believe that the threat is exaggerated. They point out that continuity of supply as well as price levels are critical particularly for the liquid milk market, which takes about half the total production of 12hn litres a year.

### Danes to drop oil royalties

ROYALTY PAYMENTS WILL be eliminated and the state oil exploration company's share in oil licenses will be reduced when the next licensing round for oil and gas exploration in the Danish on-shore and offshore areas takes place in 1989, writes Hilary Barnes in Copen-

The easing of conditions is necessary because of lower oil prices and in order to keep the Danish areas competitive in relation to other North Sea sectors, the Energy Ministry said. The share of licenses awarded to Dopas, the state oil company, will be reduced from 20 per cent in the previous licensing round to between 10 and 20 per cent, depending on prospects in the area licensed.

# Equipping for the next gold rush

Kenneth Gooding on the lure of rich, but less accessible deposits

HE RELATIVELY high price of gold during the 1980s, which encouraged a boom in production in Australia and North America, will shortly begin to have an impact on other, less-accessible, parts of the world. China, for example, is

determined to become a gold superpower by doubling production in the next five years. The country's exact level of gold output is a state secret but western analysts reckon production is 50 to 65 tonnes a year, which puts China about sixth or seventh in the world.

Elsewhere perhaps the greatest challenge for gold miners for the rest of this century is the "rim of fire" - a broad arc of volcanic rocks swinging round the Pacific Basin from Chile through Fiji, New Zealand, the Solomon Islands and Papua New Guinea to Indonesia and then arcing up through the Philippines to eastern China and Japan.

The rim of fire contains scores of epithermal gold deposits on the surface near to ancient vents or volcanoes. The gold became concentrated as it passed through the heated rocks on volcanic systems and often formed very rich deposits.

Getting to grips with the gold in the rim of fire will be no picnic. Most deposits are in tropical rain forests, in mountainous country or on remote islands. But, while the difficulties might be immense, so are the quantities of gold. The miners will be leaning heavily on their suppliers to

share the load in the expensive and complex ventures ahead. One of the suppliers which expects to benefit as the gold rush enters its new phase in Davy McKee, part of the UKbased Davy Corporation.

Davy McKee, which has mining and metallurgical customers world-wide, already has firm links with China and will contribute to one of the major rim of fire projects - at Lihir Island, Papua New Guinea.

The company's China connection was made after a delegation from the China Gold Bureau took a world tour to study new recovery techniques, particularly those needed when other metals and silver were mixed with gold. As a result, in 1980 Davy McRee won a contract for a small project. Two more followed, each bigger than the last and each giving the company more responsibility.

The Lihir Island project was another example of the client hand-picking suppliers, says Mr Mike Bickers, managing director of Davy McKee. BP Minerals, the British Petroleum subsidiary, will have to spend about \$1bn if it decides to go ahead and will split the work between Davy McKee, the Steams Roger Division of United Engineers and Contractors of the US and the Austra-

US MARKETS

THE METAL MARKETS were again

was dull, reports Drexel Burnham

Lambert. Gold, silver and platinum

markets fell slightly with mostly local

action. Copper prices were lower early

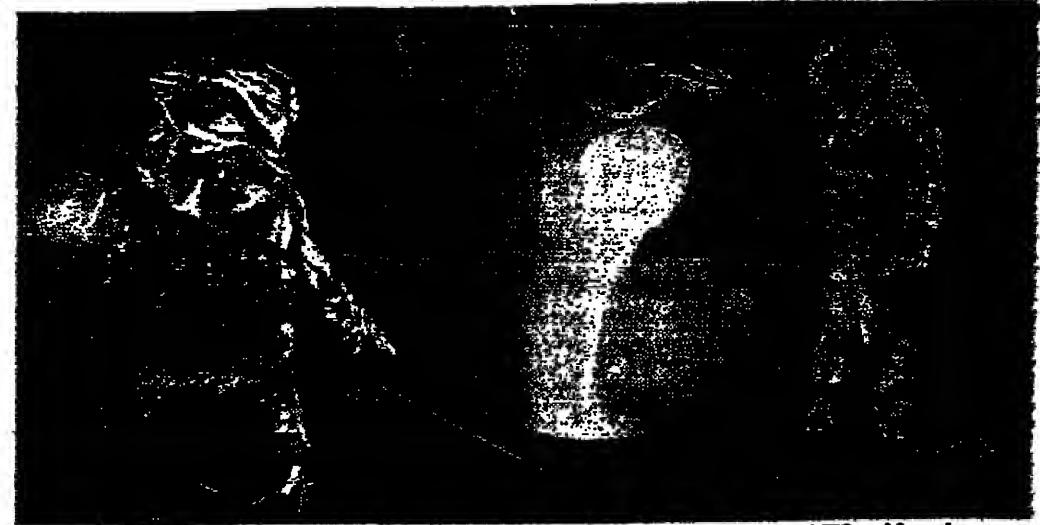
in the session but commission houses

trading featured trade and speculative

and short-covering led to a 165 point

gain. In the soft commodities, cocoa

caught up in narrow ranges as trading



Pouring gold at a plant built by Davy McKee in Nevada - scene of the latest US gold resh

lian group, Kinhill Engineers. "BP Minerals pushed the three of us together," says Mr

BP Minerals has yet not given final approval to the Libir project and is still looking at feasibility studies. However, the property holds at least 400 tormes of gold, worth \$5bn at current prices, and most analysis expect a start to be made early next year.

Libir illustrates the difficulties endemic in the rim of fire gold deposits. The metal is in the crater of an active volcano and the rock will have to be cooled with piped sea water. The gold is also locked up in highly refractory (heat-resistant) rock and requires oxydising by heating the ore to very high temperatures in roasters or autoclaves if recovery rates are to be reasonable. This is where Davy McKee comes in -

complex processing plant. Mr Rickers says the project may not be the most profitable Davy McKee has been involvedin, but "Lihir has leading-edge process technology at a worldclass ore body in a pioneering area of the world. We would love to build a pioneer project in the Pacific Rim area because there will be so much more

it will supply and equip the

development there." Davy McKee also has been getting its fair share of the business in competition with companies such as Bechtel and Fluor as the US rapidly builds up its gold output using new techniques, new technology and expensive capital equipment. The company has been building a strong reputation in complex metallurgical projects. For example, at Homestake

Mining's McLaughlin gold mine in California, where Davy McKee provided engineering, procurement and construction management services, the planning had to take account of the State's strict environmental controls, covering not only the construction and operation of the mine but also the way in which it will be closed down in about 20 years time. Commercialising the \$280m

project took dedicated process development and a good technical team because the gold is disseminated in very small particles through highly refrac-

Because Homestake would not have been able to get permits for an ore roaster in California two huge autoclave units, which operate at high pressures and high temperatures, were installed - the first in North America.

Ore enters the autoclaves in a grey slurry and emerges deep brown after oxydation. The gold can then be removed by conventional cyanide leaching. The autoclaves were installed three years ago and now process 3,000 tonnes of ore a day. Mr John Turney, the mill manager, says: "We've got a new technology here but not too many hydrometalic plants start as well as this did."

In Nevada, where the environmental pressure is not so great, Davy McKee is doing the engineering work on ore roasters at the Jerritt Canyon and Big Springs mines, using proprietary technology developed by the part-owner and manager Freeport McMoRan.

A whole range of metallargical processes is being used in the US to extract gold from difficult and complex ore bodies. At Echo Bay Minerals' Cove mine in Nevada Davy McKee is supervising the installation of equipment for gravity separation, leaching, flash floatation, column floatation and subhide concentrate eaching

All this is a far cry from the first US gold rush in which the old McKee company played its part. It has been supplying. American miners since 1849. Now the company is part of

the UK-based Davy Corporation-and Mr Roger Kingdon, cuter executive or me corporation, which had sales of nearly \$800m last year, says that work for the gold mining companies "is now a significant part of our total business."

The group's policy is to focus on its engineering contracting

CRUDE OIL (Light) 42,000 US galls 5/barrel

Latest Previous High/Low

business - its "heartland" says. It is moving away in "me-too" engineering by det oping its own technical ed We focus on a narrow rat of markets and activities & strive to be really good at wi we do. Gold is a prime tar because we have the experi to provide a real service to

gold industry." Mr Bickers, says that ab 50 per cent of Davy KcKe business comes from outs the US. "Gold and silver n ing was about the only game town until last year wi other metal prices began improve. Now the base me lobs are coming back."

Despite the severe recess in the base metals indust. during the first half of 1980s Davy McKee did get sc work from them.

Among other projects company was involved in redevelopment of BP Miner Bingham Canyon copper-g silver mine in Utah, reces recogned as well as havin continuing interest indesign and construction of facilities for the mass Choquicameta and Ki Tem copper mines owned

Codelco in Chile. Mr Bickers claims that three base metals smel have been built in the past years and Davy McKee them all. This paid off w inco, the world's largest ni producer, decided recently spend \$400m to expand smelting capacity and rec -pollution at its huge facilit Sudbury, Ontario.

Inco said Davy McKee c have the contract if the t which built the new Mar conner smelter in San Mar. Arizona, was available to the job. The Magma cont was completed so Davy Mo.... was able to switch the s

team to the inco project. We do bug complex job we haven't won a single tract in the past five year being the lowest bidder," Mr Eickers. We get cout from references and ex ence. And we guarantee performance."-

Chicago

111

35° 26° 4

### **WORLD COMMODITIES PRICES**

# LONDON MARKETS

COCOA and coffee prices came under pressure from the jump in sterling after better than expected UK September trade figures. Cocoa prices were also affected by the New York opening and belated hedging against recent producer sales. However, dealers said there was no fresh news influencing the decline in coffee prices. The market remains cautious because of uncertainty about whether there will be an increase in International Coffee Organization export quotas. On the LME, aluminium prices were lifted in the afternoon by short-covering. Dealers said the buying was partly inspired by the recovery in copper prices from earlier sharp losses. The copper market still shows no sign of entering into a more stable trading pattern, dealers said, and daily movements continue to be volatile and technically motivated.

	+ or
\$10,45-0.50x	+.195
\$13.48-3.51x	+0.19
tonne CIF)	+ or
2122.422	
	+2
	-1
	-1
	+ 01
	+0.75
621c	-2
\$523.75	-13.00
\$122.25	-0.35
\$2435.5	-39.5
530c	+5
	+15
	-0.14
	+0.5
	- 44
	+0.04
	+13.9
, essa	-0.85.
\$276.8w	+62
	+6.0
¥266.5	+3.0
£109.52	
£125.5v	
£115.5w	-1.0
57.50a	-1.00
	-0.75
	-0.75
	+0.5
\$570w	
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	\$523.75 \$122.25 \$2435.5 \$465a-1490 40c \$30c £4147.5 \$9.19r 339.0c \$1437.50 707ac \$168.41p \$57.22p 72.33p \$276.6w \$278.0w \$278.0w \$278.0w \$266.5 £109.52 £125.5w £115.5w £115.5w \$7.50p \$4.50p \$5.00p \$5.00p \$435u \$370

Cotton "A" index 58.05c -0.70 Wooltops (84s Super) £ a tonne unless otherwise stated, p-pence/kg. c-cents/lb. r-ringgit/kg. z-Nov. x-Dec. w-Nov/Dec. v-Oct/Dec. u-Oct/Nov tMeat Commission average faistock prices. " change from a week ago. \*London physical market. §CIF Rotterdam. \* Buillon market close, m-Malaysian cents/kg.

\$185.5

Soyabeans (US)

	Close	Previous	High/Low
Dec	782	794	792 774
Mar May	771 776	790 796	790 769 791 774
Jul	789	810	803 788 810 805
Sep Dec	805 844	825 885	810 805
Mar	856	880	859 857
			f 10 tonnes
price fo	r Oct 28:	994.92 (102	is per tonne). Dall 3.70):10 day averag
		94 (1000.54)	
COFFE	E E/konne		
	Close	Previous	High/Low
Nov Jan	1110 1116	1121 1131	1129 1095 1135 1110
Mer	1127	1135	1138 1120
May Jly	1130 1133	1135 1138	1143 1117 1148 1124
Sep	1140	1143	1148 1146
		3442) lots o	
			anta per pound) fo ? (114.90); . 15 da
	2 113.67 (		: (11-30/), . 18 08
SUGAF	(\$ per to	(बार्थ)	· • • • • • • • • • • • • • • • • • • •
Rew	Close	Previous	High/Low
Dec	241.00	243.00	245.00 243.00
May	233.40 227.60	235.60 229.80	235.20 233.00 232.20 227.00
Aug	222.20	225.00	226.80 221.80
Oct	220.00	222.60	224.00 218.60
White	Close	Previous	High/Low
Mar	265.20	267.00	268.00 264.50
May Aug	262.00 260.00	263.50 262.00	263.00 260.50
	259.00	260.50	
Dec Mar	260.00	261.00	261.00 259.00
Mar Turnove	260.00 er: Raw 3	261.00 3336 (2673)	281.00 259.00 lots of 60 tonnes
Mar Turnove White 4 Paris-	250.00 or: Raw 3 43 (1343) White (Fi	261.00 3336 (2673) T per tons	lots of 50 tonnes le): Dec 1690, Ma
Mar Turnove White 4 Paris- 1 1610, M	250.00 Fr. Raw 3 43 (1343) White (Ff lay 1585,	261.00 3336 (2673) T per tons	lots of 60 tonnes
Mar Turnove White 4 Paris- 1 1610, M	250.00 Fr. Raw 3 43 (1343) White (Ff lay 1585, L \$/tonne	261.00 3336 (2673) r per tonn Aug 1586, (	lots of 50 tonnes le): Dec 1690, Ma Oct 1563, Dec 1576
Mar Turnove White 4 Paris- 1610, M GAS 06	250.00 er: Raw 3 43 (1343) White (Fi lay 1595, L \$/tonne Close	261.00 3336 (2673) Triper tone Aug 1588, (	lots of 50 tonnes le): Dec 1690, Ma Oct 1583, Dec 1578 High/Low
Mar Turnove White 4 Paris- 1610, M GAS OF	250.00 er: Raw 3 43 (1343) White (Fi lay 1585, L S/tonne Close 117.50	261.00 3336 (2673) Fr per tone Aug 1588, ( Previous 115.00	lots of 50 tonnes le): Dec 1690, Ma lot 1583, Dec 1578 High/Low 117.50 115.25
Mar Turnove White 4 Paris- 1610, M GAS Of Nov Dec Jan	250.00 er: Raw 3 43 (1343) White (Filay 1595, L \$/tonne Glose 117.50 118.50 119.25	261.00 3336 (2673) r per tone Aug 1588, ( Previous 115.00 116.00 117.50	lots of 50 tonnes le): Dec 1690, Ma lot 1583, Dec 1578 High/Low 117.50 115.25 118.75 116.25 119.50 116.75
Mar Turnove White 4 Paris- 1610, M GAS OF Nov Dec Jan Feb	250.00 er: Raw 3 43 (1343) White (Fi lay 1585, L \$/tonne Glose 117.50 118.50 118.25 119.00	261.00 3336 (2673) Fr per tone Aug 1588, ( Previous 115.00 116.00 117.50 118.00	lots of 50 tonnes le): Dec 1690, Ma Oct 1583, Dec 1578 High/Low 117.50 115.25 118.75 116.25 119.50 115.75 119.00 117.00
Mar Turnove White 4 Peris- 1610, M GAS Of Nov Dec Jen Feb Mar	250.00 er: Raw 3 43 (1343) White (Fi lay 1585, L S/tonne Close 117.50 118.50 119.00 114.50	261.00 3336 (2673) r per tone Aug 1588, ( Previous 115.00 116.00 117.50 118.00 115.50	lots of 50 lonnes le): Dec 1690, Ma lot 1583, Dec 1578 High/Low 117.50 115.25 118.75 116.25 119.50 116.75 119.00 117.00 116.00 114.00
Mar Turnove White 4 Peris- 1610, M GAS OF Nov Dec Jan Feb Mar Apr May	250.00 er: Raw 3 43 (1343) White (Fi lay 1585, L S/tonne Close 117.50 118.50 118.25 119.00 114.50 113.25 113.00	261.00 3336 (2673) Fr per tone Aug 1588, ( Previous 115.00 116.00 117.50 118.00	lots of 50 tonnes le): Dec 1690, Ma let 1583, Dec 1578  High/Low  117.50 115.25 118.75 116.25 119.50 116.75 119.00 114.00 114.00 112.50 113.00
Mar Turnove White 4 Peris- 1610, M GAS OF Nov Dec Jan Feb Mar Apr May	250.00 er: Raw 3 43 (1343) White (Filay 1595, L \$/tonne Glose 117.50 118.50 118.25 119.00 114.50 113.25	261.00 3336 (2673) r per tone Aug 1586, ( Previous 115.00 116.00 117.50 118.00 115.50 112.50	lots of 50 lonnes le): Dec 1690, Ma lot 1583, Dec 1578 High/Low 117.50 115.25 118.75 116.25 119.50 115.75 119.00 117.00 116.00 114.00 114.00 112.50
Mar Turnove White 4 Peris- 1610, M GAS OF Nov Dec Jan Feb Mar Apr May Jul	250.00 er: Raw 3 43 (1343) White (Fi lay 1585, L S/tonne Close 117.50 118.50 119.00 114.50 113.25 113.00 113.00	261.00 3336 (2673) r per tone Aug 1588, ( Previous 115.00 116.00 117.50 118.00 112.50 112.50 112.25	lots of 50 tonnes le): Dec 1690, Ma let 1583, Dec 1578  High/Low  117.50 115.25 118.75 116.25 119.50 116.75 119.00 114.00 114.00 112.50 113.00
Mar Turnove White 4 Peris- 1610, M GAS OF Nov Dec Jan Feb Mar Apr May Jul Turnove	250.00 er: Raw 3 43 (1343) White (Fi lay 1585, L S/tonne Close 117.50 118.50 119.00 114.50 113.25 113.00 113.00	261.00 3336 (2673) r per tone Aug 1588, ( Previous 115.00 116.00 117.50 118.00 112.50 112.50 112.25	lots of 50 tonnes le): Dec 1690, Ma lot 1583, Dec 1578  High/Low  117.50 115.25 118.75 116.25 119.50 117.00 116.00 114.00 114.00 112.50 113.00 113.00
Mar Turnove White 4 Peris- 1610, M GAS OF Nov Dec Jan Feb Mar Apr May Jul Turnove	250.00 er: Raw 3 43 (1343) White (Fi lay 1585, L S/tonne Close 117.50 118.50 119.00 114.50 113.25 113.00 113.00 er 7670 (7	261.00 3336 (2673) r per tone Aug 1588, ( Previous 115.00 116.00 117.50 118.00 112.50 112.50 112.25	lots of 50 tonnes le): Dec 1690, Ma lot 1583, Dec 1578  High/Low  117.50 115.25 118.75 116.25 119.50 117.00 116.00 114.00 114.00 112.50 113.00 113.00
Mar Turnove White 4 Peris- 1 1610, M GAS OF Nov Dec Jan Feb Mar Apr May Jul Turnove GRANNE	250.00 er: Raw (43 (1343) White (Filay 1595, L \$/tonne Glose 117.50 118.50 118.25 119.00 114.50 113.25 113.00 er 7670 (7	261.00 3336 (2673) r per tone Aug 1586, ( Previous 115.00 116.00 117.50 118.00 115.50 112.50 112.25 112.25	lots of 50 tonnes le): Dec 1690, Ma lot 1583, Dec 1578 High/Low 117.50 115.25 118.75 116.25 119.50 117.00 116.00 114.00 114.00 112.50 113.00 High/Low 107.75 107.30
Mar Turnove White 4 Peris- 1610, M GAS OF Nov Dec Jan Feb Mar Apr May Jul Turnove GRAMS	250.00 er: Raw (1343) White (Filay 1595, L \$/tonne Glose 117.50 118.50 118.50 118.25 119.00 114.50 113.25 113.00 113.00 er 7670 (7	261.00 3336 (2673) r per tone Aug 1588, ( Previous 115.00 116.00 117.50 118.00 115.50 112.50 112.25 112.25	lots of 50 tonnes le): Dec 1690, Ma let 1583, Dec 1578  High/Low  117.50 115.25 118.75 116.25 119.50 116.75 119.00 117.00 116.00 114.00 114.00 112.50 113.00 100 tonnes  High/Low  107.75 107.30 111.90 111.30
Mar Turnove White 4 Peris- 1 1610, M GAS OF Nov Dec Jan Feb Mar Apr May Jul Turnove GRANNE	250.00 er: Raw : 43 (1343) White (Filay 1595, L \$/tonne Glose 117.50 118.50 119.25 119.00 114.50 113.00 er 7670 (7 17.65 111.60 114.70 117.70	261.00 3336 (2673) T per tone Aug 1588. (  Previous 115.00 116.00 117.50 118.00 115.50 112.25 112.25 396) lots of  Previous 107.00 111.10 114.10 117.20	lots of 50 tonnes le): Dec 1690, Ma lot 1563, Dec 1578  High/Low  117.50 115.25 118.75 116.25 119.50 115.75 119.00 117.00 116.00 114.00 114.00 112.50 113.00  100 tonnes  High/Low  107.75 107.30 111.90 111.60 114.90 111.60 115.00 117.40
Mar Turnove White 4 Peris- 1610, M GAS OF Nov Dec Jan Feb Mar Apr May Jul Turnove GRANNS Nov Jan Mar May Jun	250.00 er: Raw (43 (1343) White (Filay 1595, L \$/tonne Glose 117.50 118.50 118.50 118.25 119.00 114.50 113.25 113.00 113.00 er 7670 (7 17.60 114.70 117.70 119.10	261.00 3336 (2673) T per tone Aug 1586, (  Previous 115.00 116.00 115.50 118.50 112.50 112.25 396) lots of  Previous 107.00 111.10 114.10	lots of 50 tonnes le): Dec 1690, Ma lot 1583, Dec 1578  High/Low  117.50 115.25 118.75 116.25 119.50 117.00 116.00 114.00 114.00 112.50 113.00 100 tonnes  High/Low  107.75 107.30 111.90 111.60 116.00 117.40 119.10
Mar Turnove White 4 Peris- 1610, M GAS OF Nov Dec Jan Feb Mar Apr May Jul Turnove GRAMS Wheat Nov Jan Mar May Jun Nov	250.00 er: Raw (43 (1343) White (Filay 1595, L \$/tonne Close 117.50 118.50 118.50 119.25 119.00 114.50 113.00 er 7670 (7 17.70 117.70 119.10 105.35	261.00 336 (2673) r per tone Aug 1586, (  Previous 115.00 116.00 117.50 118.00 115.50 112.56 112.25 395) lots of  Previous 107.00 111.10 114.10 117.20 118.60	lots of 50 tonnes le): Dec 1690, Ma lot 1563, Dec 1578  High/Low  117.50 115.25 118.75 116.25 119.50 115.75 119.00 117.00 118.00 114.00 114.00 112.50 113.00 113.00 100 tonnes  High/Low  107.75 107.30 111.90 111.60 116.00 117.40 119.10 105.50 105.35
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Turnove White 4 Peris- 1610, M GAS OF Nov Dec Jan Feb Mar Apr May Jul Turnove GRAMS Wheat Nov Jan Mar May Jun Nov Berley Nov	250.00 or: Raw (43 (1343) White (Filay 1595, L \$/tonne Glose 117.50 118.50 118.50 118.25 119.00 114.50 114.50 114.70 117.70 119.10 105.35 Glose 104.10	261.00 336 (2673) T per tone Aug 1588. (  Previous 115.00 116.00 115.50 115.50 112.50 112.25 396) lots of  Previous 107.00 111.10 114.10 117.20 118.60  Previous 103.85	lots of 50 tonnes le): Dec 1690, Ma lot 1583, Dec 1578  High/Low  117.50 115.25 118.75 116.25 119.50 116.75 119.00 117.00 116.00 114.00 114.00 112.50 113.00  100 tonnes  High/Low  107.75 107.30 111.90 111.60 116.00 117.40 119.10 105.50 105.35  High/Low  104.10 104.06
Mar Turnove White 4 Peris- 1610, M GAS OF Nov Dec Jan Feb Mar Apr May Jul Turnove GRAMS Wheat Nov Jan Mar May Jun Nov Berley	250.00 er: Raw (43 (1343) White (Filay 1595, L \$/tonne Close 117.50 118.50 118.50 119.25 119.00 114.50 113.25 113.00 113.00 er 7670 (7 17.70 119.10 105.35 Close	261.00 336 (2673) T per tone Aug 1586. (  Previous 115.00 116.00 117.50 118.00 115.50 112.25 112.25 395) lots of  Previous 107.00 111.10 114.10 117.20 118.60  Previous 103.85 108.15	lots of 50 tonnes le): Dec 1690, Ma lot 1563, Dec 1578  High/Low  117.50 115.25 118.75 116.25 119.50 115.75 119.00 117.00 116.00 114.00 114.00 112.50 113.00 100 tonnes  High/Low  107.75 107.30 111.90 111.60 116.00 117.40 119.10 105.50 105.35  High/Low
Mar Turnove White 4 Peris- 1610, M GAS OF Nov Dec Jen Feb Mar Apr May Jul Turnove GRANNS Wheat Nov Jen Nov Jen Nov Jen	250.00 er: Raw (43 (1343) White (Filey 1595, L \$/tonne Glose 117.50 118.50 118.50 118.25 119.00 114.50 113.00 er 7670 (7 17.70 113.00 117.70 119.10 105.35 Close 104.10 108.20	261.00 336 (2673) T per tone Aug 1586, (  Previous 115.00 116.00 117.50 118.00 115.50 112.50 112.25 112.25  395) lots of  Previous 107.00 111.10 114.10 117.20 118.60  Previous 103.85 106.15 110.90	lots of 50 tonnes le): Dec 1690, Ma lot 1583, Dec 1578  High/Low  117.50 115.25 118.75 116.25 119.50 116.75 119.00 117.00 116.00 114.00 114.00 112.50 113.00  100 tonnes  High/Low  107.75 107.30 111.90 111.30 114.90 117.40 119.10 105.50 105.35  High/Low  104.10 104.00 108.40 108.20
Turnove White 4 Peris- 1610, M GAS OF Nov Dec Jan Feb Mar Apr May Jul Turnove GRANS Nov Jan Mar May Jun Nov Jan	250.00 or: Raw (43 (1343) White (Filay 1595, L \$/tonne Close 117.50 118.50 118.50 118.25 119.00 114.50 114.50 114.70 117.70 119.10 105.35 Close 104.10 105.35 Close 104.10 112.90 or: Wheat	261.00 336 (2673) T per tone Aug 1588, (  Previous 115.00 116.00 115.50 115.50 112.50 112.25 396) lots of  Previous 107.00 111.10 114.10 117.20 118.60  Previous 103.85 108.15 110.90 112.65	lots of 50 tonnes le): Dec 1690, Ma lot 1583, Dec 1578  High/Low  117.50 115.25 118.75 116.25 119.50 116.75 119.00 117.00 116.00 114.00 114.00 112.50 113.00  100 tonnes  High/Low  107.75 107.30 111.96 111.30 114.90 111.60 116.00 117.40 119.10 105.50 105.35  High/Low  104.10 104.06 108.40 108.20 111.15 111.00 112.90 112.80  Barley 130 (136) .
Turnove White 4 Peris- 1610, M GAS OF Nov Dec Jan Feb Mar Apr May Jul Turnove GRAMS Wheat Nov Jan Mar Mar Mar Mar Mar Mar Turnove Turnove	250.00  F. Raw (43 (1343)  White (Filay 1595, L. \$/tonne  Close  117.50 118.50 118.25 119.00 114.50 114.50 114.50 114.70 117.70 119.10 105.35  Close  104.10 105.35  Close  104.10 112.90  F. Wheat of Priots	261.00 336 (2673) T per tone Aug 1588. (  Previous 115.00 116.00 115.50 115.50 112.50 112.25 396) lots of  Previous 107.00 111.10 114.10 117.20 118.60  Previous 103.85 108.15 110.90 112.65 468 (273) .	lots of 50 tonnes le): Dec 1690, Ma lot 1583, Dec 1578  High/Low  117.50 115.25 118.75 116.25 119.50 116.75 119.00 117.00 116.00 114.00 114.00 112.50 113.00  100 tonnes  High/Low  107.75 107.30 111.96 111.30 114.90 111.60 116.00 117.40 119.10 105.50 105.35  High/Low  104.10 104.06 108.40 108.20 111.15 111.00 112.90 112.80  Barley 130 (136) .
Turnove White 4 Peris- 1610, M GAS OF Nov Dec Jan Feb Mar Apr May Jul Turnove GRAMS Wheat Nov Jan Mar Mar Mar Mar Mar Mar Turnove Turnove	250.00 or: Raw (43 (1343) White (Filay 1595, L \$/tonne Close 117.50 118.50 118.50 118.25 119.00 114.50 114.50 114.70 117.70 119.10 105.35 Close 104.10 105.35 Close 104.10 112.90 or: Wheat	261.00 336 (2673) T per tone Aug 1588. (  Previous 115.00 116.00 115.50 115.50 112.50 112.25 396) lots of  Previous 107.00 111.10 114.10 117.20 118.60  Previous 103.85 108.15 110.90 112.65 468 (273) .	lots of 50 tonnes le): Dec 1690, Ma lot 1583, Dec 1578  High/Low  117.50 115.25 118.75 116.25 119.50 116.75 119.00 117.00 116.00 114.00 114.00 112.50 113.00  100 tonnes  High/Low  107.75 107.30 111.96 111.30 114.90 111.60 116.00 117.40 119.10 105.50 105.35  High/Low  104.10 104.06 108.40 108.20 111.15 111.00 112.90 112.80  Barley 130 (136) .

51.0 50.0

96.9 95.9

Turnover 64 (137) jots of 40 tonnes.

OK META	T SXCH	MOE		(Prices suppl	ied by Amalgem	ated Metal Track
Cios		Previous	High/Low	AM Off	ciel Kerb clos	o Open Intere
ium, 90.7	& braigh (	per torme)		<del>'</del>	Ring t	urnover 9,125 too
	~ -		2300/2258	2433-8 2265-70	2285-90	17,873 lots
furn,99.57	bragh (E	per tonne)			Ring to	innover 3,650 ton
			1380 1265/1260	1975-80 1260-5	1270-90	25,048 lots
r, Grade A	(£ per tor	ine)		A-46.2	Ring bu	mover 32,550 ton
					1589-90	63,230 lots
r, Stander	d (2 per to	nne)			Rin	g turnover 0 ton
				1630-50 1555-65		39 lots
(US cents/	fine cunce	1)				ling turnover 0 c
				615-8	·	
				628-31		431 lots
	•				Ring t	mover 9,300 ton
			385/378	375-6 379-80	384-5	10,176 lots
(5 per ton	ne)				Ring	turnover 378 ton
					G .	5.796 lots
		10,000	107012100	10000-11		mover 8,725 top
		1550-5		1530-6	1417	WI W WI
tis 1445			1460/1435		1455-60	15,355 lots
				Afternoon for Day's high Day's low	407.15 407.50 408-408 <sup>3</sup> 2 408-405 <sup>1</sup> 2	231,467 230,031
r em m	PR \$105md	les noint	<del></del>			
		1370	-			
1441	1434	1445 1430		Coins	S price	2 equivalent
1522	1615	1525 1512		Maplelexi Britannia	420-425	237-240
1317	1315	1320 1317		US Eagle	420-425	237-240 237-240
				Angel	418-423	238-238 2
er 237 (28	<b>6</b> )			Krugerrand New Sev.	407-410 100-101	230-232 581 <sub>2</sub> -571 <sub>4</sub>
			_	Old Sav.	100-101	56 <sup>1</sup> 2 -57 <sup>1</sup> 4
						TT 2 T
				Noble Plet	551,80-558,20	814.25-317.90
				Nobie Plet	551.80-65 <b>8.20</b>	
						814.25-317.90
				Silver fiz	p/fine cz	814.25-317.90 US cts equiv
					p/fine cz 350,90	814.25-317.90 US cts equiv 623.00
	MOSTABLE Flots of to			Spot 3 months 6 months	p/fine cz 350,90 361,35 371,35	814.25-317.90 US cts equiv
E ARE nov	v lots of te , with Spa	rye homegro irtans 40-50p	alb	Spot 3 months	p/fine cz 350.90 361.35	814.25-317.90 US cts equiv 623.00 636.40
E ARE nov s available p) and co	v lots of to t, with Spa of 40-50p	rge homegro irlans 40-50p while Bramk	a lb	Spot 3 months 6 months	p/fine cz 350,90 361,35 371,35	814.25-317.90 US cts equiv 623.00 636.40 649.65
E ARE now s available p) and con ig apples p), reports	v lots of ta t, with Spa rs 40-50p are now al a FFVIB. To	rye homegro irtans 40-50p	alb ly Sp	Spot 3 months 6 months	p/fine cz 350,90 361,35 371,35	814.25-317.90 US cts equiv 623.00 636.40 649.65
	2455 the 2293- firm, 99.5% 1380- 1 1270- 1, Grade A 1790- the 1600- 1, Standard 1675- 1865- (US centar) 165-6 the 629-3 E per tonne 1535- the 10700 per tonne 1535- the 1445- EAN MEA Close 165.00 171.00 170.00 tr 147 (13	2455-65 the 2293-5 firm,99.5% purity (£ 1380-400 1 1270-90 r, Grade A (£ per tor 1790-800 the 1800-1 r, Standard (£ per to 1675-85 1585-95 (US cents/fine cunce 615-8 ths 629-31 £ per torme) 375-7 ths 379-9.5 (\$ per torme) 11750-800 ths 10700-800 per torne) 1535-45 ths 1445-65  EAN MEAL £/torme Close Previous 165.00 166.00 171.00 170.50 170.00 er 147 (139) lots of 1484 1478 1522 1515 1317 1315	### 2293-5 2290-5 ####################################	thus, 98_7% purity (\$ per torme)  2455-65	them, 98.7% purity (3 per torme)  2455-65	# ## ## ## ## ## ## ## ## ## ## ## ## #

Aluminium (99.7%)

Copper (Grade A)

2400

2500

2900

2000

Strike price \$ tonne

108

240 194 123

262

185 237 362

78

Calls

28

increased quantities of smaller avocados in

pumpkins 20-30p are in for halloween, and

15-25p (25-35p). Brussels aprouts are more

the shops 40-75p (40-80p). Homegrown

baking potatões are also more plentifui

widely available 18-38p (20-40p), as are

brussel tops 25-35¢ (25-45¢). Polish new

season onions are now in the shops at

16-30p. Salad prices are all static with

oniors 20-10p.

tomatoes 30-52p, cellery 25-50p and spring

_	selli	ng as pi	red trade rices lost	27 point	s in the
	5000	lots. Se	act. Volu igar futur	es feli 7	23
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OZB			ee declin		
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_	Caye	เหมีสิดร	t sellers i	n the the	HELS.
<b>-</b> -	Ne	Y W	ork		
	GOTT	100 troy	02.; \$/troy (	72.	
	-	Close	Previous	High/Lov	
	Nov.	407.6 408.0	408.3 408.0	407.9 0	407A
	Dec	410.1	411.1	410.8	409.4
	Feb	415.1	415.2	415.6	414.5
•	Apr	420.3	421,4	421.0	419.5
	Jun	425.5	428.6	426.1	425.5
	Aug	430.9 436.3	432.0 437.5	0	0
	Dec	441.7	443.0	442.0	441.3
		NUM 50 t	roy oz, Sftro		
		Close	Previous	l-Egh/Low	•
	Jan	532.1	535.4	595.0	530.0
	Apr	532.9	535.9	535.0	532.0
	Jul Oct	\$37.2 <b>542.2</b>	541.7 548.7	543.4	540.5 543.4
	Jan	548.7	553.2	8	0
			cy cz: ciinti		
		Close	Previous	High/Low	,
	Oct	620.0	<b>522.4</b>	0	8
	Nov	620.2	623.A	825.D	825.0 592.5
	Dec Jan	624.5 629.6	627.8 632.7	629.5 C	622.5 0
	Max.	639.2	6624	643.0	638.0
	May	648.B	652.0	851.0	649.0
	Jul	658.9	862.2	682.0	657.0
	Sep	663.9	672.1 687.3	670.0 686.0	670.0 682.0
	Jan	588.Z	682.1	0	0
<b>S</b>	COPP	ER 25,000	Res; cents/	bs .	
_		Close	Previous	High/Low	
_	Oct	137.50	136,20	135.10	135.00
	Nov	134.50	134.10 131.00	134.00 133.60	134.00 128.40
	Test.	126.65	125.20	125.00	123.00
_	Mar	113,75	112.40	114.60	110.00
_	May	109.00	108.40	110.00	105.70
		404.74	ዓለፍ ስለ		

105.00 102.20

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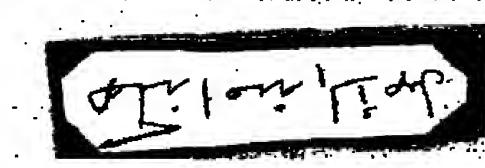
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Dec	13.49	13.41	13.54	13.29	301	<del></del>	,000 bo min;		AUGUSE.
Jan	13.50 13.53	13.45 13.50	13.57	13.30		Close	Previous	High/Lov	
Mer	13.64	13.57	13.56 13.54	13.38 13.45	Nov.	759/0	768/0	789/0	7584
Apr	T3.60	13.63	13.69	13,54	Jan-		. 784/0	785/0	. 774
May	13.75	13.70	13.76	13.64	Mar	788/2	785/0-	796/0	7877
Jul	13.91	13.84	13.91	13.84	May		796/4	799/4	7894
445.47					_ Jui	790/0	797/4	798/4	7804
THEAT	MG OF	(2,000 US 9	aris, com	Arraidaus	Aug	78070.	. 788/0	789/6	780
	Latest	Previous	High/Lo	<b>.</b>	Sep		747/0	750/0	740
Nov	4270	4155	4275	4140	_ Nov	718/4 728/0	725/0	72770	· 7184
Dec	4295	4215	4315	4195			731/0	735/4	7254
Jes	4285	4232	4300	4205	SOY	abean on	. 60,000 The:	cents/its	
Feb	4235	4202	4250	4180		Close	- Prentone	High/Low	
Apr	3849	3792	3840	3795					
May	3720	3687	3720	5700	Dec	23.61	23.57	23.80	23.4
Jun	3660	3637	3660	3850	Jan ·	23.88 24.39	23.85	24.08	23.6
Jul	3650 3710	3632 3682	3665	- 3650	May	24,85	24.38 24.77	24.55 24.97	24.20
			3710	3710	- Jul	25.00	24.95	25.20	24.8
COCK	DA 10 Ion	nes;\$/torme	5		Aug	24.90	24.80	. 25.10	24.8
	Close	Previous	High/Le		- Sep	25.02	24.95	25.20	24.8
5					Oct	24.75	24.40	24.80	. 24.60
Dec	1290 1257	1314	1320	1288	Dec .	24.60	24.20	24.60	24.2
May	1266	1284 1294	1285	1254	SOY	MEAN ME	AL 100 tons	Sitters	-
Jul	1286	1317	1296 1310	1266 1283	-	_			<u> </u>
Sep	1305	1333	<b>8</b>	0	<u> </u>	Close .	Previous	High/Low	<u>,</u>
Dac	1335	1368	1347	1340	Dec	245.6	248.2	250.0	245.5
Mar	1367	1398	1358	1367	Jan	245.6	248.7	249.8	245.6
COFF	EE "C" N	7,500lbs; ca	Oft /The	· ·	- Mer	244.9	267.2	248.5	2441
					May	242.2	244.5	245.0	242.0
	Close	Previous	High/Lo	W		240.0	242.0	242.0	239.5
Dec	125.64	126.43	127.30	126.50	Sep	229.0	223.5		234.0
Mar	126.60	127.29	127.80	126.40	Oct	220.0	222.0	230.0 222.0	227.0
May	126,40	126.63	127.00	126.40					220.9
Jui	125.33	126.50	126.05	124.75	MAIZ	E 5,000 bu	min; cents/5	Sib bushel	
Sep	124.75	125.50	125.55	124.75		Close	Previous	High/Low	
Dec	124.38	124,50	125.10	-124.86					· .•
Mer	125.36	125.50	0	Ů.	Dec	274/8	290/4	290/4	27444
EUGA	A WORL	117 112,0	103 lbsc.cs	Ota/Dia	- Mar May	280/4	265/2	265/4	222(0)
•	Class			-	- Joi	283/2 283/0	266/6	287/4	26370
	Close	Previous	Highto	W	Sec	286/2	285/4	286/4	262.5
Jan	10.02	10.08	10.20	10.20	Dec	256/2	270/0 256/4	271,0	200/0
Mar	10.33	10,40	10.54	10.28	· Mer	262/0	264/0	250/0	250/0
May	10.04	10.14	10.26	10.03	_			264/0	202/0
Jul	9.80	9.96	10.08	8.90	#15E/	T 5,000 bu	wing cents/	60lb-bushel	• • •
Oct	9.76	9.85	9.32	9.76		Close '	Previous		: . / .
Jen	8.76	8.85	<b>0</b> .	0			_	Highlow	
Mar	9.45	9.54	0	œ ·	Dec.	411/4	. 412/2	414/6	40064
COLL	ON 50,000	cents/lbs	•		May	418/2	418/2 .	421/4	41674
	Close		( N - 1 - 2 -		Jul	400/2 371/5	400/6	404/0	400
	Anto	Previous	High/Lo	v ·	Sep	376/0	369/4	374/0	35070
Dec	55.80	55.39	56.03	54.75	Dec	384/0	372/0	6	0
Mar	56.00	55.66	58.20	54.90			380/0	365/0	382/0
May	55.90	58.00	58.20	65.12	LIVE	ATTLE 40,	DOO the; con	Revillan	
Ţį	56.18	56.01 .	56.25	55.00		Close			<del></del>
Oct	<b>58.70</b>	56.5E	55.40	56.00			Previous	High/Low	
Dec	58.55	56,48	55.50	55.70	Dea	78.67	73.00	74.60	73.60
Mer	55.85	56.75	56.00	66,00 .	Feb	.74.37	74.45	75,07	74.52
ORAN	GE JUCT	15,000 lbs.	Carrie files		Apr	76.35	75.47	75.96	75,30
					Jun	73.85	73.90	74.30	73.80
	Close	Previous	Highria	w	Aug	71.42	71.40	71.85 .	71.35
Nov	184.95	186.86	196.00	184.40	Sep Oct	71.90 : 70.65	71.50. /	<b>o</b>	8 :
Jan	175.00	174,60	175.10	174,00			70.65	71.05	70.65
Mar	17235	171,50	172.35	177.10	LIVE	IOGS 30.90	Q it; centait	be	
May	171.35	170.05	171,50	170.60					-
Jul	170.00	106.25	170,00	169.00		Close	Previous .	Hightow	•
Nav	166.25	105.50	0	.0	. Dec	41.12	41.27	47.57.	41.00
Jen	163.45	163.50	0 .	0	Feb	44.90	44.05	46.25	44.85
Mar	163.45	188.50	.0	0	Apr	43.42	43.95	. 44.27	43.35
•		• • •	•	••••	Jun :	45.05	46.25	48.60	47.96
				<u> </u>	- <b>4</b>	48.62	46.95	49.05	49.60
medic	Citis		•		Aug	47.36	48.02	48.45	47.75
1—	-	- 0			Oct	44,85	45.20	45.27	44.85
700	E-15 (56)	or orbitally	er, 18 193	1 - 100)	PORK	<b>3111 E8:3</b>	8,000 lbs; ce	minith	. :•
	Oct .29	· Oct 25	miti so	o yr ago					<u> </u>
	1895.6				• • •		· Frevious -	. HIGHILOW	
1			1861.9	1679.5	Feb	-48.10	49.50	49.40	48.06
DOW	JONES (	has Dec.	31 1974 =	100)	Mar	48.70	49.97	49.95	48.65
Soot		134.04	133.22	126.23	May	50.42	51.77	51.40	50.25
	ts 138.22		134,51	128.23	A	51.26	52.32	.52.30	51.25
1		***************************************			Aug	90700 -	51.25	51.20	50,00
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# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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**AMERICA** 

# Dow declines on worries over leveraged buy-outs

#### **Wall Street**

FEARS THAT the leveraged buy out fad may be getting out of hand triggered heavy selling as institutions bailed out not only stocks which had been boosted by takeover rumours recently but also blue chip issues, writes Janet Bush in New York.

The Dow Jones Industrial Average started dropping as soon as the market opened, registered a loss of more than 35 points and then stabilised. At the close, the Dow stood 24.35 points lower at 2.141.83 after very active trading of 195m shares.

Two separate pieces of news prompted yesterday's sudden collapse of confidence. The first was that an offering of \$1.15bn in Federated Department Stores junk bonds has been postponed by a group of underwriters led by First Boston. The offering, due to be sold this week, was supposed to provide long-term financing for the \$6.6bn acquisition last May of Federated by Campeau.

**ASIA PACIFIC** 

Campeau yesterday denied that the issue had been withcrawn altogether and said that it would discuss restructuring the offering with First Boston.
The news, which came only a week after the management of RJR Nabisco amounced a proposal to take the company private through a multi-billion dollar leveraged buy-out rocked confidence that investors are unequivocally willing

to buy junk. On top of the Federated news was the testimony by Mr Alan Greenspan, US Federal Reserve chairman, in which he warned banks to make certain they examined the prospects for LSO financing during perieds of recession or high infla-

He also said that it would be appropriate for Congress to continue an examination of tax incentives related to the use of delt financies, a remark which made institutional equity investors particularly nervous.

Stecks involved with prospective takeovers were particulariy hard hit. Kraft, which is fending off a bid from Philip

Morris, slid \$4 to \$94 while Philip Morris itself dipped \$1/4 to \$95. RJR Nabisco, facing a bidding war between its own management and Kohlberg Kravis Roberts, fell \$3 to \$82. First Boston, which is talking to Campeau about a restructuring of the Federated Department Stores offering,

Daily (milion)

potential takeover deals, con-

cern about whether they can be financed and the broader

implications for corporate America, in the background is

looks like an increasingly vul-

In contrast, bonds rallied.

partly reflecting a flight into

quality from stocks and from

the corporate bond sector

a considerable hit along with

takeover candidates. Interna-

tional Business Machines fell

\$1% to \$120%, and Proctor &

GOLD ISSUES led the retreat

in Toronto, responding to the

fall in the price of gold in New

York, as the composite index

Gamble dropped \$1 to \$82%.

Blue chip equity issues took

nerable dollar.

EUROPE

which is in turnoil.

fell \$1% to \$48%. Among other current takeover targets, Chicago Pacific dropped \$% to \$53%, Interco plunged \$4 to \$66 and TW Services fell \$2 to \$23.

Stocks which have been subject to buy-out or takeover rumours also suffered. Sears Roebuck dropped \$1% to \$43%, Mead lost \$2% to \$44%. Mcgraw-Hill fell \$2% to \$68% and Time slumped \$5% to

While individual stocks had risen sharply in the last week on takeover rumours and actual bids, the broader market had not kept pace with these movements and the underlying lack of conviction was clearly demonstrated yesterday.

Apart from worries about closed 25.4 lower at 3404.8 in the current spate of huge light turnover of 19.1m shares.

# Sweden rebounds from poll blues NYSE Volume

Sara Webb examines the factors working in the bourse's favour

combination of good corporate results and plenty of cash has buoyed the Stockholm bourse in the past few post-election weeks. The Veckans Affarer general

index has climbed to new peaks for the year, closing at 1,168.9 yesterday - a rise of 41 per cent since the start of the vear - although it still has some way to go before reaching its pre-October crash high

The mood of uncertainty which unsettled the market before the September general election has largely evaporated, and institutional investors who have plenty of money left over from the wave of domestic bids earlier this year have been ploughing it back in

the market The same cannot be said for foreign investors, who have been net sellers of Swedish equities largely because of the high turnover tax in Sweden which makes transactions about three times more expensive than in London. However, Mr Kjell-Olof Feldt, the Finance Minister, has hinted he may grant foreign investors exemption from the immover

tax and he is expected to announce his decision soon. Most of Sweden's blue chips

increases in the past few weeks, and factories are working at close to full capacity. ESAB, the huge welding company, lifted profits by 50 per cent in the first nine

months, and Sash-Scania managed to raise earnings by 10 per cent, reversing the setbacks earlier this year with a strong performance between May and August. Nordstjernan, the recently-listed prop-erty and construction group controlled by the Johnson family, doubled its profits.
Strong demand for pulp and

have turned in healthy profit

paper has boosted forestry groups like SCA - which saw profits up 45 per cent in the first eight months and rounded off a series of foreign acquisitions with a deal this month to buy a majority shareholding in Laakirchen an Austrian manufacturer of printing paper and hygiene products. Forestry group MoDo suffered a decline as a result of the high costs of its merger with Holmen and legesund, but it said underlying business was healthy. increased lending has helped

lift the banks' profits. Foreign investors are currently unable to enjoy the benefits, but there are plans to allow them to buy Swedish bank shares in the next couple of years.

The spate of takeovers mean-while continues. Mr Erik Penser, known as the Greta Garbo of Swedish financiers because of his publicity-shy nature, rearranged his empire into a concentrated industrial group under the Nobel Industries name: Nobel bid for outstanding shares in the investment companies controlled by Penser in a deal worth about SKr10bn (\$1.6bn) and will self off shares and property to help finance strategic industrial

acquisitions in future. Even the once scandal-ridden Fermenta is buying up finance concern Independent Finans, its first sizeable acquisition under new management and an attempt to restore investor confidence.

Figures out this week suggest that Sweden's big groups are stepping up their campaign to invest heavily in the European Community in readiness for the completion of the internal market in 1992. Investments in the EC by Swedish companies reached almost SKr20bn in the first six months of 1988 compared with SKr24.5bm for all of 1987.

The picture is not uniformly favourable for the market and the economy. Mr Feldt's announcement on Wednesday of tax cuts and measures to

bring down prices for basi necessities left many peopl wondering if tighter measure would be required to cure the Swedish disease of high wag increases and inflation well

above the OSCO average. Recent reports from the banks suggest inflation wil reach as much as 8 per cennext year, though the Govern ment adopted a more upbea tone and predicted a figure o 63 per cent this year and 5: per cent in 1989.

Mr Feldt warned that growth would slow to 1.7 per cent it 1989 and said the curren account deficit would deterie rate markediy.

# Institutions redirect funds from bonds into equities

#### Tokyo

RIDING on a wave of renewed activity, share prices rose for the third consecutive day and turnover continued to be strong, writes Michigo Nakamoto in Tokyo.

The Nikkei average rose 192.32 to 27,722.92 and volume once again reflected a healthy recovery of interest at 2.24bn shares compared with 2.51bn on Wednesday. The Nikkei average moved during the day between a high of 27,786,75 and a low of 27,628.84. Rises equalied falls at 431.

The Topix index of all listed stecks added 10.16 to 2,140.96 and in London the ISE Nikkei 50 index put on 2.19 to 1.714.54. Of the performance in Tokyo, Mr Stephen Richardson, head of sales at W.I. Carr. said that a sense of frustration had recently been creeping into the market.

investors and brokers alike had expressed some impatience at being kept from capitalising on the good climate because of uncertainty about the outcome of a proposed capital gains tax and the illness of the Empercr. The external environment has been very favourable for some time now. Oil prices have teen low, the yen has been strong and the Bank of Japan has indicated that it would like to see interest rates fall. As a result, the bond market has performed remarkably well.

Stock market participants were beginning to feel that something had to be done, particularly as brokers face a shorter than usual term this year as the year end is moved to March from September.

Analysts said the larger brokerages had reactivated their sales activities, and institutional investors, who have made considerable gains in the bond market, have been moving their funds into equities. Activity followed the recent

pattern of concentrating on large capital issues which offer institutional investors volume and plenty of liquidity, and on other asset-backed issues. Steels again led in volume terms. Nippon Steel, with the

highest turnover at 200.5m shares, rose Y31 to Y855. Sumitomo Metal, with 132m shares traded, added Y19 to Y769. Kawasaki Steel, third most active with 131.2m shares, rose Y45 to a new high of Y1,040. The property theme

prompted buying in a wide variety of sectors. Fisheries such as Taiyo Fishery and Nippen Suisan which own land along Tokyo's waterfront rose. Taiyo Fishery by Y35 to Y646 and Nippon Suisan Y31 to

Electric wire cable companies also drew interest for their property along their cables. Showa Electric and Wire Cable added Y73 to Y1,070.

Nippon Yakin Kogyo, a stainless steel maker, has also attracted interest for its property holdings in Kawasaki. It gained Y70 to Y1,550.

In Osaka the OSE average rose 59.34 to 25,571.54. Turnover showed a moderate increase to 225m shares from of Bell Resources's stake. an aiready strong 219m on Wednesday. Nippon Steel was the volume leader at 45.2m shares and added Y30 to Y853.

### Roundup

MOVEMENTS were generally small in the Asia Pacific region, but Hong Kong was buoyed further by takeover activity and Taiwan regained some of its poise.

HONG KONG saw active trading but ended only slightly higher. The Hang Seng index rose 6.63 to 2,617.25 in turnover of HX\$1.15bn compared with Wednesday's HK\$778m.

Hongkong & Shanghai Hotels gained 10 cents to HK\$5.70 as 38.82m shares, or nearly 4 per cent of the company's issued capital, changed hands, accounting for more than 20 per cent of total trading. Hostile bidder Cathay City added 4 cents to HK\$1.65. Bond International resumed trading and rose to HK\$2.08.

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This compared with a price of HK\$1.49 when it was suspended on October 6 for Bond Corp Holdings' announcement it would take the company private with a general offer of HK\$2.20 a share. TAIWAN rallied on buying

of bank shares, with the weighted index breaching 6,000 with a rise of 137.02 to 6.018.07. SINGAPORE eased in the wake of Wall Street's fall, with the Straits Times industrial index off 3.12 at 1.040.10 in turnover of 20.9m shares, down

from Wednesday's 25m. AUSTRALIA was little changed, with resources marginally better but the industrial sector undermined by concern that the Government would tighten monetary policy. The All Ordinaries closed 1.5 up at 1,583.6 in reasonable

turnover of 116m shares. BHP was one of the most active stocks with 6.15m shares changing hands in mainly options-related trade. It ended unchanged at A\$7.96 as investors waited for the placement

NEW ZEALAND saw a mid-week surge of interest from US investors fade yesterday, leav-ing the Barclays index off 7.88 at 2,037.93, unites Dai Hayward in Wellington.

Overnight interest on Tuesday, followed by further orders from US buyers during Wednesday's session, brought more than US\$5m into the market, most of it for blue chips. This sparked some buying by Australian investors and the index rose to 2.045.81 after losing 11 points to 2,041 in profittaking on Tuesday. Yesterday, however, banks and insurance stocks led the market down after losses on Wall Street.

### **SOUTH AFRICA**

GOLD shares closed higher in Johannesburg as bullion traded at about \$407 an ounce. Among heavyweight golds, Vaal Reefs and Randfontein each gained R2 to R269 and R260 respectively.

#### THE STEEP fall in early trading on Wall Street took the shine off gains in Europe, where company news provided

plenty of talking points, writes Our Markets Staff. FRANKFURT ran up to another year's high in active trading, but profit-taking and worries about the dollar trimmed gains and left prices mixed at the close. Wall Street's sharp early setback

took German shares lower in after hours trading. The FAZ index showed a midday rise of 4.48 to 542.21, beating the previous 1988 high of 538.27 on October 19. The DAX ended just 2.72 better at 1,213.35 after reaching 1,320.21.

Turnover rose from Wednesday's DM3.9bn to DM4.5bn One of the most popular stocks was BMW, which powered ahead by DM8 to a year's high of DM550.50. Its ninemonth sales figures continue to attract interest, and chartists say DM540 was a breakout point and the stock could now reach DM580 or DM600.

Daimler, by contrast, eased DM1 to DM763, down from a day's high of DM767. It has risen sharply in the past few days and one rumour suggested it might have been ramped in preparation for a share issue or for Deutsche Bank to float off part of its 28 per cent stake.

There was also speculation that insurer Allianz might be building a stake in Dresdner, the second biggest German bank. Allianz gained DM19 to DM1,729 and Dresdner put on DM2.20 to DM307.50. One London analyst said it was more likely Allianz would seek a cooperation agreement with Dresdner than a stake. Allianz already holds nearly 25 per cent of BHW Bank.

Chemical stock Henkel rose DM5 to DM491 after announcing it planned to buy Panigal, a large Italian detergents and food company.

PARIS moved in a narrow range, ending mixed in spite of extremely good figures on the trade deficit for September and continued speculative froth. The poor opening on Wall Street pulled prices off their

highs after a weak welcome for

the French trade figures -

which came in at a FFr400m cents to FFr190, and CCF was surplus against forecasts of a steady at FFr151.50. Valeo lost FFr3bn deficit. The OMF 50 FFr3 to FFr595. index finished 0.95 higher at

407.37 and the CAC General index was up 0.9 at a year's high of 392.7 Carnaud gained FFr7 to FFr497 after falling on Wednesday in an initial response to its merger with MB Group's packaging interests. One analyst

said the move would be good news for Carnaud's profits in the longer-term and revised its earnings per share figure for next year to FFr48 from FFr41. The Epeda bid saga continued, with Vallourec the latest company to be rumoured to be willing to join a "white knight" group to save the car components maker from the chutches of Valeo. Vallourec, off FFr140

at FFr225.60, denied the specu-

lation. Of the other numoured

members. Michelin eased 10

AMSTERDAM was dominated by trading in Philips. whose 20 per cent rise in third quarter earnings was welcomed as unexpectedly good.

Results and rumours raise the temperature

Philips was marked up to Fi 32.10 before easing back to ciose unchanged at FI 31.30. Analysts' comments were not all positive, however. One London specialist was pessimistic about severe competition in consumer electronics and said that if this continued next year "there's nothing for the investor to go for." Another said that most of the trade when Philips' results are.

announced is speculative rather than fundamental. Hunter Douglas, the window blind manufacturer, climbed FI 3.40, or 4.8 per cent, to F1 74.50

on London buying following

"How does KLM

serve a growing number of passengers?"

presentations in the UK. The market eased from early gains on the weak dollar and Wall Street's opening losses, and the CBS all-share index closed unchanged at 101.1 in active turnover estimated by one house at over Fl 500m. MADRID ended slightly

ing, with the general index easing 1.20 to 289.84 Speculation continued in the banking sector. Popular rose 12. points to 1,864 per cent of paron merger rumours while His-

lower amid selective profit-tak-

pano fell 7 to 835. Aragonesas, reporting a near trebling of annual profits. climbed: 3.5 to 558.5. and construction commany Dragados put on 3 to 487. The stock, which had badly underperformed of late, was still benefiting from this week's news of a contract to build a motorway

one analyst. Torras Hostench, 44 per cen owned by the Kuwait Invest ment Office, announced it was launching a 1-for-3 capital rais ing programme worth Ptatsbng was from the start of next month to reduce short-term debt. The

stock fell 80 to 2,300. MILAN eased from Wednes day's rise in renewed profit taking, with the Comit inder 4.36 lower at 580.49 and the 60" level being seen as a key resis tance level. Recent strong per former Cir fell L122 to L6,145 Olivetti lost 180 to Laggo apr telecommunications stock Sir and

shed L135 to L3.135. - ZURICH held its ground if the at the face of profit-taking an the dollar slipped below SFr1.50 The Count Suisse index hoos 1.9 to 497.9, Bank Len los SFr15 to SFr3,175 amid news that chief executive Mr Werne between Seville and Cadiz, said Schick was to resign The same of the sa

### FT-ACTUARIES WORLD INDICES

REGIONAL MARKETS	THURSDAY OCTOBER 27 1988						WEDNESDAY OCTOBER 26 1988.			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)	
Australia (91)	148.95	-0.1	124.69	120.32	4.17	149.06	125.56	120.21	152.31	91.16	91.72	
Austria (17)	95 73	+0.3	80.14	88.20	2.44	95.42	80.38	88.14	98.18	83.72		
Belgium (63)	129.91	+0.0	108.75	120.30	4.21	129.93	109.45	120.32	139.89	99.14	93.33	
1 20202 (1 25)	) 177 EA	-0.9	104.27	108.64	3.12	125.64	105.83	109.08	128.91	107.06	97.14	
Denmark (39)	148.99	+0.9	124.73	138.05	2.19	147.72	124.44	137.58	148.99		99.66	
4 1711 <b>6</b> U1U 6E-07	1 127.43	+0.3	105.84	111.62	1.49	126.05	106.18	111.80		111.42	105.65	
France (130)	107.98	+0.4	90.39	102.47	3.17	107.54			139.53	106.78		
France (130)	87.49	+0.7	73.24	80.69	2.30		90.59	102.22	107.98	72.77	84.01	
Hong Kong (46)	107.01	+0.1	89.59	107.29	4.70	86.87	73.18	80.12	87.49	67.78	77.58	
Ireland (16).	140.91	-0.6	117.96	131.83		106.95	90.09	107.23	111.86	84.90	85.17	
Halv (100)	83.48	-0.6	69.88	82.29	3.81	141.77	119.42	132.64	144.25	104.60	108.81	
Italy (100)	171.98	+0.6	143.97	136.70	2.44	83.96	70.73	82.93	84.35	62.99	76.66	
Malaysia (36)	140.96	+0.2	118.00	144.84	0.54	171.03	144.07	135.90	177.27	133.61	129.46	
Mexico (13)	156.88	+0.2			2.94	140.71	118.53	144.72	154.17	107.83	103.70	
Netherland (38)	110.31		131.33	392.27	1.39	156.62	131.93	391.63	180.07	90.07	221.35	
New Zealand (26)	74.62	-03	92.35	100.70	4.89	110.69	93,24	101.07	110.69	95.23	96.50	
Marion /SEL	110 45	-0.1	62.47	63.02	6.28	74.69	62.92	63.15	84.05	64.42	85.06	
Norway (25)	118.45	+0.6	99.16	106.47	2.72	117.71	99.15	105.81	132.23	98.55	116.74	
Singapore (26)	122.67	+0.1	102.69	112.97	2.41	122.55	103.23	113.01	135.89	97.99	90.19	
South Africa (60)	110.69	+0.5	92.66	97.76	4.63	110.18	92,81	97.31	139.07	98.26	128.27	
Spain (42)	150.33	-0.4	125.85	134.05	3.02	150.90	127.11	134.32	164.47	130,73	115.39	
Sweden (35)	130.19	+0.4	108.99	119.15	2.40	129,73	109.28	118.83	130.19	96.92	97.70	
Switzerland (56)	84.63	+0.2	70.89	78.41	2.15	84.48	71.17	78.78	86.75	74,13	81,49	
United Kingdom (321)	137.28	+0.7	114.92	114.92	4.58	136.31	114.82	114.82	141.18	120.66	118.36	
USA (579)	113.09	-1.4	94.67	113.09	3,54	114.64	96.57	114.64	115.55	99.19	99.85	
Europe (1012)	114.22	+0.4	95.61	101.31	3.66	113.74	95.81	101.24	114.22	97.01	0744	
Pacific Basin (681)	168.43	+0.5	141.00	134.74	0.76	167.56	141.15	133.98	172.26	37.01	97.66	
Euro-Pacific (1693)	146.77	+0.5	122.87	121.30	1.67	146.06	123.04	120.81		130.81	126.35	
North America (704)	113.69	-1.3	95. <b>1</b> 8	112.84	3.52	115.22	97.06		147.53	120.36	114.91	
Europe Ex. UK (691)		+0.2	83.47	93.03	2.92	99.53	83.84	· 114,32 92,97	116.07	99.78	99.83	
Pacific Ex. Japan (225)	125.69	+0.0	105.22	110.09	4,31	125.71	105.90	110.03	99.71	80.27	84.82	
World Ex. US (1891)	145.65	+0.4	121.93	120.76	1.74	145.00	122.15		128.27	87.51	88.74	
World Ex. UK (2149)	132.67	-0.2	111.06	118.44	2.08	132.96	112.00	120.30	146.49	120.26	114.59	
World Ex. So. Af. (2410)	133.20	-ō.ī [	111,50	118.23	2.30	133.38	110 0E	118.68	132.96	111.77	107.94	
World Ex. Japan (2014)	114.41	-6.6	95.78	108.80	3.61	115.14	112.35 96.99	118,45 109.60	133,38	113.26	108,73	
The World Index (2470)		-0.1	111,39	118.10	2.31	133.24			115.54	100.00	99.00	
JUE AND HINEN WAT VISITED	man : Aids (	- V.J. 1	******* 1	74014V 1	المراجع	133,24 1	112.23	118.30	133.24	113,37	108.86	

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY OCTOBER 27 1988					WEDNESDAY OCTOBER 26 1988.			DOLLAR INDEX		
Figures in parentheses	US	Day's	Pound	Local	Gross	US	Pound	Local			Year
show number of stocks	Dollar	Change	Sterling	Currency	Div.	Dollar	Sterling	Currency	1988	1988	290
per grouping	Index	<b>%</b>	Index	Index	Yield	index	Index	Index	High	Low	(approx)
Australia (91)	148.95	-0.1	124,69	120.32	4.17	149.06	125.56	120.21	152.31	91.16	91.72
AUStria (17)	95 73	+0.3	80.14	88.20	2.44	95.42	80.38	88.14	98.18	83.72	93.33
Belgium (63)	129 91	+0.0	108.75	120.30	4.21	129.93	109.45	120.32	139.89	99.14	97.14
Canada (1.25)	174 54	-0.9	104.27	108.64	3.12	125.64	105.83	109.08	128.91	107.06	
Denmark (39)	148.99	+0.9	124.73	138.05	2.19	147.72	124.44	137.58	148.99		99.66
Finland (26)	176.43	+0.3	105.84	111.62	1.49	126.05	106.18	111.80		111.42	105.65
France (130)	107.98	+0.4	90.39	102.47	3.17	107.54			139.53	106.78	
West Germany (102)	87.49	+0.7	73.24	80.69			90.59	102.22	107.98	72.77	84.01
Hong Kong (46)	107.01	+0.1	89.59		2.30	86.87	73.18	80.12	87.49	67.78	77.58
Ireland (16).	140.91			107.29	4.70	106.95	90.09	107.23	111.86	84.90	85.17
Hate /100)	83.48	-0.6	117.96	131.83	3.81	141.77	119.42	132.64	144.25	104.60	108.81
Italy (100)	171 00	-0.6	69.88	82.29	2.44	83.96	70.73	82.93	84.35	62.99	76.66
######################################	171.98	+0.6	143.97	136.70	0.54	171.03	144.07	135.90	177.27	133.61	129.46
Malaysia (36)	140.96	+0.2	118.00	144.84	2.94	140.71	118.53	144,72	154.17	107.83	103.70
Mexico (13)	156.88	+0.2	131.33	392.27	1.39	156.62	131.93	391.63	180.07	90.07	221.35
Netherland (38)	110.31	-0.3	92_35	100.70	4.89	110.69	93,24	101.07	110.69	95.23	
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Singapore (26)	122.67	+0.1	102.69	112.97	2.41	122.55	103.23	113.01	135.89	98.55	116.74
South Africa (60)	110.69	+0.5	92.66	97.76	4.63	110.18	102.67	97.31		97.99	90.19
Spain (42)	150.33	-0.4	125.85	134.05	3.02	150.90	92.81		139.07	98.26	128.27
Sweden (35)	130,19	+0.4	108.99	119.15	2.40		127.11	134.32	164.47	130.73	115,39
Switzerland (56)	84.63	+0.2	70.89	78.41	215	129,73	109.28	118.83	130.19	96.92	97.70
United Kingdom (321)		+0.7	114.92	114.92		84.48	71.17	78.78	86.75	74.13	81.49
USA (579)	113.09	-1.4			4.58	136.31	114.82	114.82	141.18	120.66	118.36
		-1.4	94.67	113.09	3,54	114.64	96.57	114.64	115.55	99.19	99.85
urope (1012)	114.22	+0.4	95.61	101.31	3.66	113.74	95.81	101.24	114.22	97.01	0744
Pacific Basin (681)		+0.5	141,00	134.74	0.76	167.56	141.15	133.98	172.26	130.81	97.66
Euro-Pacific (1693)	146.77	+0.5	122.87	121.30	1.67	146.06	123.04	120.81	147.53		126.35
North America (704)		-1.3	95.18	112.84	3.52	115.22	97.06	114.32		120.36	114.91
Europe Ex. UK (691)		+0.2	83.47	93.03	2.92	99.53	83.84	92.97	116.07	99.78	99.83
Pacific Ex. Japan (225)	125.69	+0.0	105.22	110.09	4,31	125.71			99.71	80.27	84.82
Norld Ex. US (1891)	145.65	+0.4	121.93	120.76	1.74	145.00	105.90	110.03	128.27	87.51	88.74
Norld Ex. UK (2149)	132.67	-0.2	111.06	118.44	2.08	132,96	122.15	120.30	146.49	120.26	114.59
Norld Ex. So. Af. (2410)	133.20	-0.1		118.23			112.00	118.68	132.96	111.77	107.94
	114.41		111.50		2.30	133.38	112.35	118,45	133.38	113.26	108.73
Norld Ex. Japan (2014)		-0.6	95.78	108.80	3.61	115.14	96.99	109.60	115.54	100.00	99.00
he World Index (2470)	133.06	-0.1	111,39	118.10	2.31	133.24	112.23	118.30	133.24	113,37	108.86

Mediations. Although no two passengers are alike, they all have

Everything from Japanese, Chinese and Korean, to Spanish, Portugese, French and German is spoken.

To ensure they get it, all KLM long-haul flights are

one thing in common - the need for friendly, personal service.

staffed by cabin personnel fluent in foreign languages.

Even loreign language video programmes are available Of course, KLM's personal service eleesn't depend on word Test us, try us, fly us.



